



Weekly Report

Week 42

Week Ending Friday, October 22, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,708.24	1.3%	17.5%
S&P 500	4,555.04	2.1%	22.0%
NASDAQ 100	15,439.11	2.3%	20.1%
DAX	15,597.06	0.2%	13.7%
FTSE 100	7,230.78	-0.1%	11.9%
EURO STOXX 50	4,200.04	0.4%	18.2%
Shanghai Composite	3,582.60	0.3%	3.2%
NIKKEI 225	28,804.85	-0.9%	5.0%
Commodities			
Brent Oil (USD/bbl.)	85.09	0.2%	66.5%
Gold (USD/Oz)	1,810.27	2.1%	-4.6%

Source: Bloomberg, NSE; *As at 5:50 PM EAT

Most of the equity indices rose during the week. However, the FTSE fell weighed down by mining stocks such as Anglo America, Rio Tinto and BHP. Oil (brent crude) rose in the week as US crude inventories hit the lowest level in 3 years indicating rising demand.

Equities Market

Equity Market Commentary

The All-Share Index (NASI) and the NSE 20 Share Index eased by 0.2% and 0.5% w-o-w to close the week at 178.54 and 1,960.75 respectively. Equity turnover rose by 53.3% to KES 3.2 billion while the volume traded edged up by 33.9% to 73.2 million. Notable price declines in the week included; Scangroup (6.5% w/w to KES 4.59), Sanlam (2.5% w/w to KES 11.65), CIC (2.2% w/w to KES 2.63), DTB (2.1% w/w to KES 58.25), KCB (2.0% w/w to KES 44.20), NCBA (2.9% w/w to KES 25.00) and Co-operative (1.9% w/w to KES 12.75). Safaricom eased by 0.3% w/w to KES 42.95. The company is set to release its half year results for the financial year 2021/2022 on 10th November 2021. We expect increased activity on the counter in anticipation of an interim dividend.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	178.54	178.86	(0.2%)	17.6%
NSE 20	1,960.75	1,970.44	(0.5%)	5.5%
NSE 25	3,865.42	3,867.27	(0.0%)	13.4%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,781.74	2,786.84	(0.2%)
Volume (Mn)	73.21	54.89	33.9%
Equity Turnover (KES Mn)	3,210.16	2,095.23	53.3%

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Sasini	330.00	10.2%	7.7%
2.	ILAM	6.98	6.7%	23.8%
3.	KenGen	4.72	3.3%	0.2%
4.	Crown	30.90	3.0%	(18.7%)
5.	EABL	169.25	2.7%	9.7%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Everready	0.90	(17.4%)	(25.0%)
2.	NBV	5.06	(14.8%)	5.2%
3.	Express Kenya	3.88	(11.8%)	7.5%
4.	Standard Group	15.30	(9.5%)	(32.0%)
5.	Carbacid	11.20	(4.3%)	(7.4%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	42.95	1,024.51
2.	EABL	169.25	830.49
3.	Equity	49.95	588.37
4.	KCB	44.20	219.55
5.	Sasini	330.00	6.65

Source: NSE and Faida Investment Bank Analysis

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In the News

World Bank Delays KES 14.4 billion loan

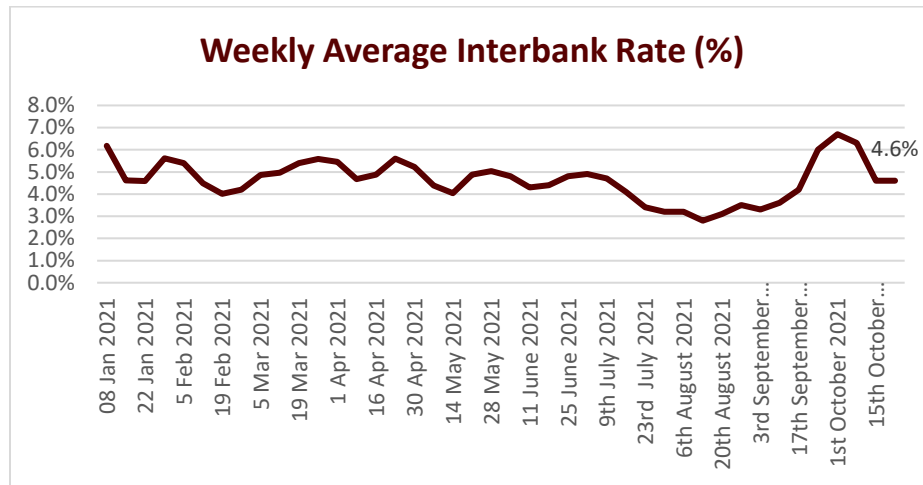
- The World Bank has delayed the issue of a KES 14.4 billion loan that had been approved in June 2021.
- The loan was set to be used by the government to purchase COVID-19 vaccines from Johnson & Johnson with a target to vaccinate 10.0 million people by December 2021.
- According to the World Bank, the loan will be released after the Treasury meets certain undisclosed conditions.
- Further, Kenya would be allowed to purchase part of the vaccines on credit pending release of the loan.
- Kenya will get to buy vaccines through an African Union facility and also through COVAX – a global scheme for sharing vaccines equitably to lower and middle-income countries.

Commentary

- The government recently eased restrictions in the country owing to lower infection rates. The nationwide curfew effected in March 2021 was removed and restaurant and bars operating hours were extended.
- We expect that the loan would go a long way in boosting vaccination rates in the country.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	6.5	163.01%	6.5	7.020%	0.02%
182 day	10.0	6.5	65.33%	4.6	7.417%	0.11%
364 day	10.0	4.8	47.63%	4.7	8.355%	0.20%
Total	24.0	17.8	74.23%	15.9		

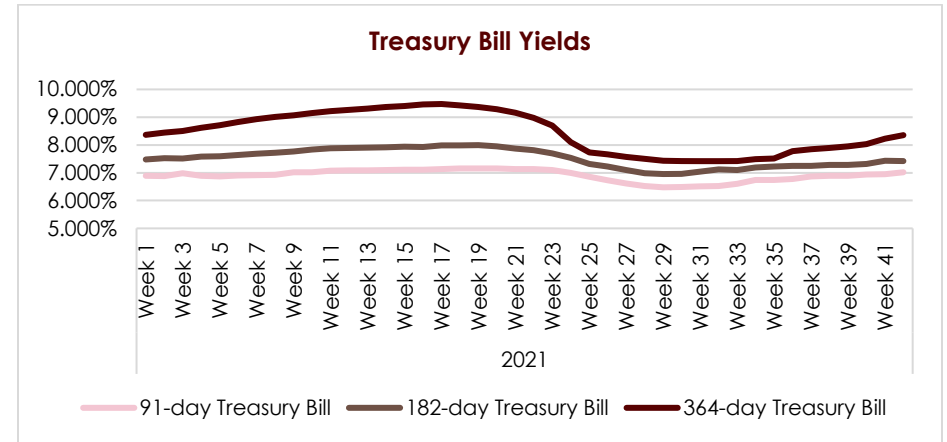
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was marginally lower at 74.23% compared to last week's 74.33%. The 91-day

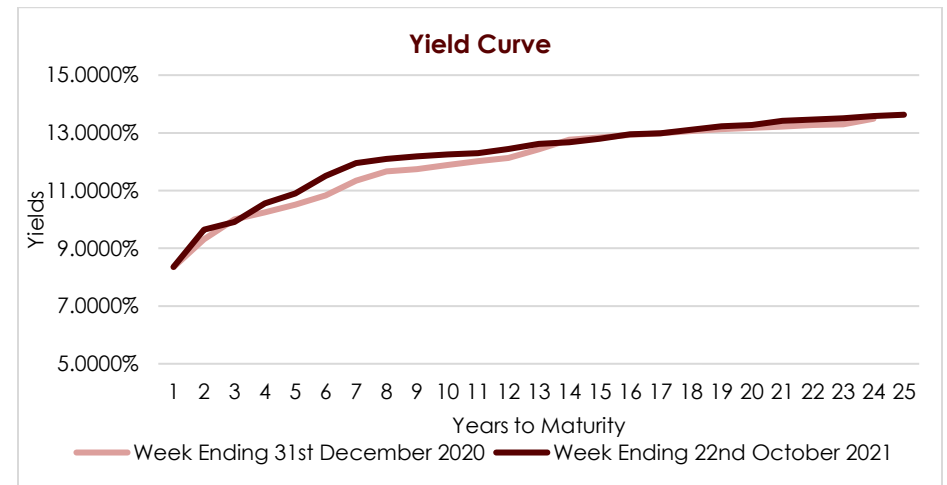
bill had the highest subscription rate this week, at 163.01% while the 364 day bill had the lowest subscription at 47.63%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

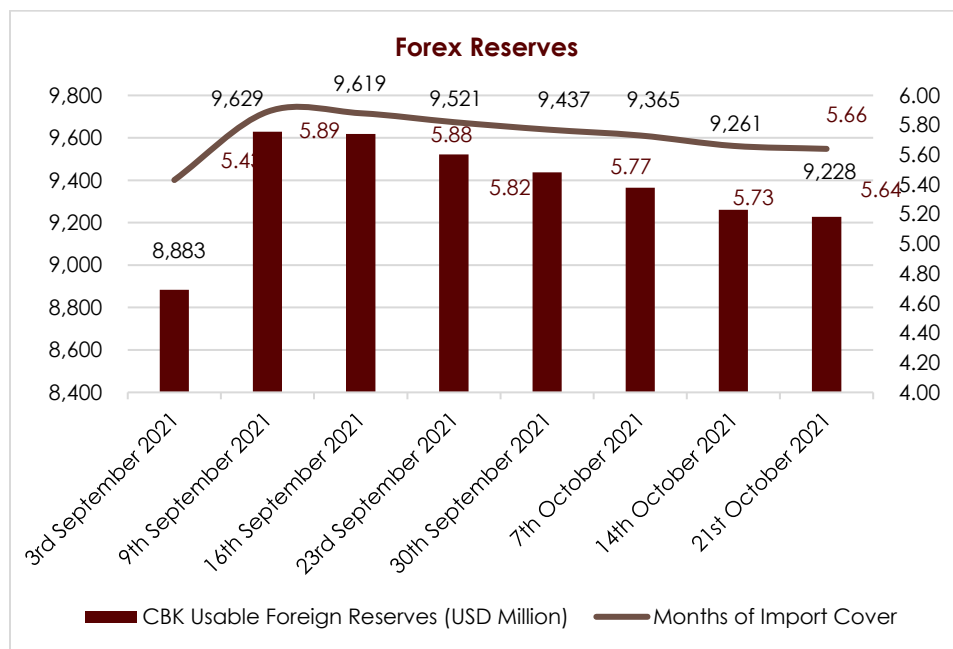
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	111.0559	(0.2%)	(1.7%)
STG Pound	153.3191	(0.9%)	(3.3%)
EURO	129.3241	(0.5%)	3.4%

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

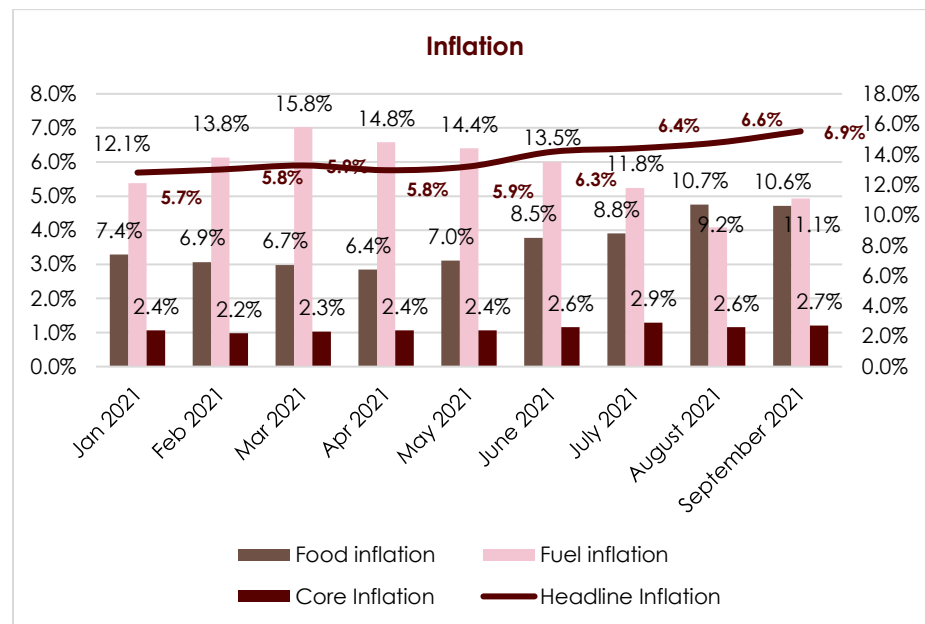
During the week, the Kenya Shilling depreciated against the US Dollar, STG pound and the Euro.

Forex Reserves



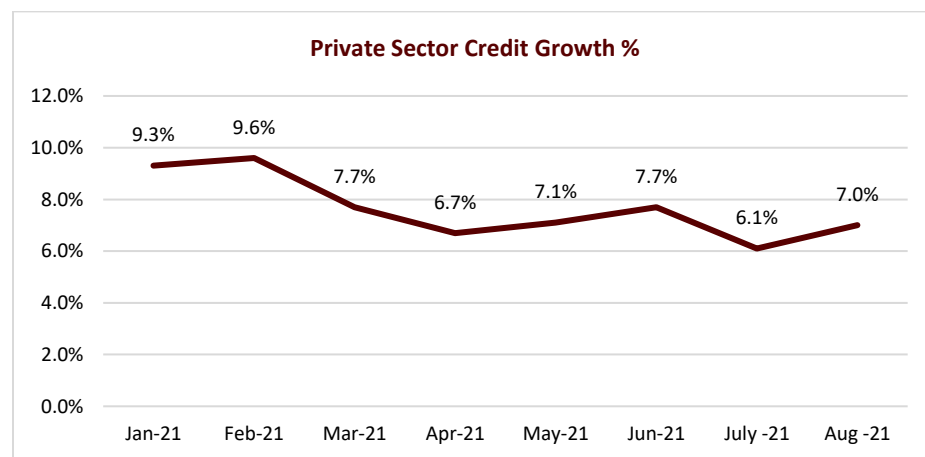
Source: CBK

Inflation



Source: KNBS

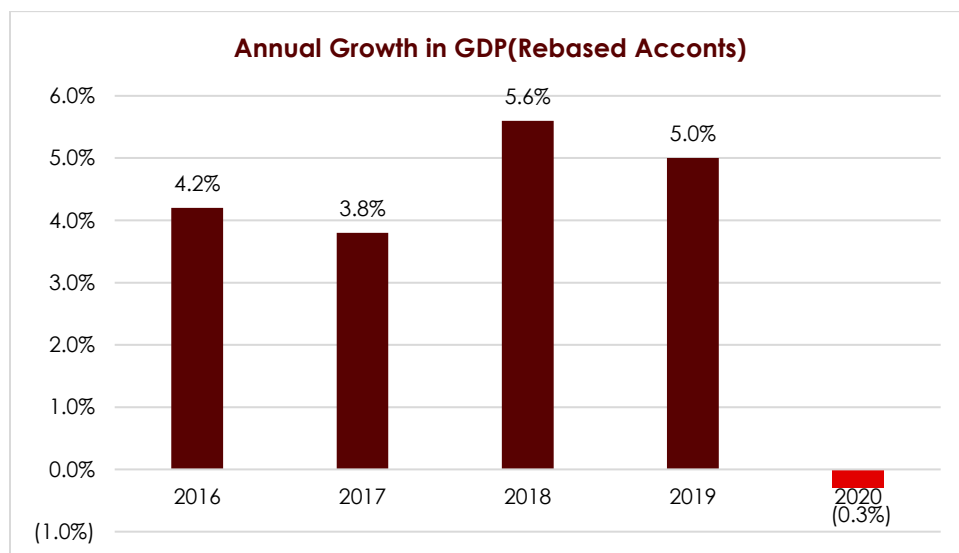
Credit Growth



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	41	73
Total Value	1,471,690	2,513,350
Total Open Interest	917	934

Source: NSE

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Corporate Finance

Asante raises \$7.5 Million in Series A Funding

Asante, a Kenyan fintech startup, has raised \$7.5 million in its series A funding round. The funding round was led by Goodwell Investments with participation by other investors such as Sorenson Impact Foundation and Forsage Holdings. The company began operations in 2018 and operates in Kenya and Uganda. Asante provides a digital lending platform that makes use of alternative data and a proprietary Artificial Intelligence (AI) loan decision management system to approve loans to micro, small and medium sized enterprises (MSMEs) in Sub-Saharan Africa. The startup has partnered with telcos, mobile-based marketplaces, airlines, retailers, payment processors, insurance companies and large Fast Moving Consumer Goods (FMCGs). Asante collects conventional and non-conventional MSME data, with the prior consent of the clients, in order to reduce the cost of customer acquisition and due diligence while providing sufficient alternative data for credit underwriting. The funding will be used to expand the company's credit offerings to Nigeria and Rwanda while scaling its credit offerings in Kenya and Uganda.

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	44.20	16.0%	-2.0%	4,934,400	44.3%	6.48	2.3%	1.07	15.4%
Equity Bank	49.95	36.7%	0.9%	11,830,100	48.5%	10.74	0.0%	1.27	13.0%
NCBA	25.00	-6.5%	-2.9%	103,400	43.1%	2.88	7.0%	0.53	6.5%
Stanbic	90.00	5.9%	4.7%	6,200	48.9%	10.16	4.2%	0.72	6.8%
Absa Bank Kenya Plc	10.05	4.0%	-1.0%	607,300	44.6%	9.80	0.0%	1.05	11.7%
Housing Finance	3.76	13.3%	1.3%	161,600	120.9%	N/M	0.0%	0.16	-3.8%
Co-operative Bank	12.75	2.0%	-1.9%	2,926,400	49.9%	10.16	7.8%	0.93	8.5%
Diamond Trust Bank	58.25	-22.3%	-2.1%	84,500	38.2%	5.62	4.6%	0.25	4.6%
Standard Chartered	129.25	-10.4%	0.8%	58,400	47.3%	12.31	8.1%	0.86	9.4%
I&M	21.50	-52.2%	0.0%	92,800	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	21.75	40.8%	-1.8%	88,900	108.75	0.0%	0.2	1.7%
WPP Scangroup	4.59	-23.5%	-6.5%	156,000	4.10	10.9%	1.12	6.0%
Uchumi Supermarket	0.22	-21.4%	-4.3%	69,400	N/M	0.0%	-4.6	N/M
Longhorn Publishers	3.95	-19.1%	0.0%	44,700	5.81	13.2%	0.68	17.3%
Eveready	0.90	-25.0%	-17.4%	59,000	N/M	0.0%	-1.45	-10.8%
Sector Average					39.55	4.8%		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%	0.0%	16,100	15.10	8.1%	3.2%	3.8%
E.A. Portland Cement	7.62	-30.7%	-5.9%	3,100	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	4.72	0.2%	3.3%	2,338,700	1.69	6.4%	2.79	9.0%
Kenya Power	1.69	-1.2%	-0.6%	2,593,900	N/M	0.0%	N/M	N/M
Total Kenya	24.30	1.3%	-0.6%	125,200	6.03	5.3%	4.03	10.8%
Sector Average					3.86	3.2%		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	2.63	23.5%	-2.2%	389,800	0.90	N/M	71.4%	34.6%
Britam	7.50	3.3%	-1.8%	323,000	0.96	N/M	80.6%	58.1%
Jubilee	350.00	23.2%	0.4%	205,900	*0.78	6.67	101.3%	44.2%
Kenya Re	2.45	5.6%	-0.4%	462,300	0.05	2.33	67.7%	8.9%
Sanlam Kenya	11.65	-10.0%	-2.5%	6,100.00	1.27	14.75	85.8%	35.5%
Liberty	7.76	0.8%	-0.3%	13,500.00	0.49	5.92	119.6%	48.7%
Sector Average					0.74	7.42	87.7%	38.3%

*Unadjusted for the sale to Allianz

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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	17.50	0.0%	0.0%	3,694,500	2.52	0.37	6.95	9.3%
Home Afrika Ltd	1.38	-7.1%	0.0%	679,600	N/M	N/M	N/M	2.6%
Trans-Century	1.38	-4.8%	-1.4%	5,300.00	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	8.98	10.0%	-0.2%	30,000	29.93	3.1%	0.3	3.9%
Sector Average					29.93	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	169.25	9.7%	2.7%	4,910,400	32.74	1.8%	5.17	46.6%
FTG Holdings	1.35	9.8%	1.5%	56,300	5.19	0.0%	0.26	4.8%
Carbacid	11.20	-7.4%	-4.3%	70,100	8.82	6.3%	1.27	10.0%
BAT	435.50	20.6%	0.0%	224,500	7.89	10.3%	55.18	51.2%
Sector Average					13.66	3.7%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	42.95	25.4%	-0.3%	24,075,100	25.12	3.2%	1.71	49.9%

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Sector Average**25.12 3.2%**

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.98	25.5%	6.7%	3,300	20.86	10.60%	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 44.20	KES 47.54	7.6%	KES 2.0	16.0%

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

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