



Weekly Report

Week 43

Week Ending Friday, October 29, 2021

CONTACTS:

Email: research@fib.co.ke

Website: www.fib.co.ke

HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O. Box 45236-00100
Nairobi

Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,703.11	-0.0%	17.5%
S&P 500	4,584.63	0.6%	22.8%
NASDAQ 100	15,691.13	1.6%	22.1%
DAX	15,633.35	0.2%	14.0%
FTSE 100	7,225.76	-0.1%	11.8%
EURO STOXX 50	4,229.36	0.7%	19.0%
Shanghai Composite	3,547.34	-1.0%	2.1%
NIKKEI 225	28,892.69	0.3%	5.3%
Commodities			
Brent Oil (USD/bbl.)	84.20	-1.0%	64.7%
Gold (USD/Oz)	1,778.07	-1.8%	-6.3%

Source: Bloomberg, NSE; *As at 5:20 PM EAT

Equity indices rose and fell during the week. The NASDAQ edged up supported by Alphabet and Microsoft on the release of third quarter results. Oil (brent crude) fell in the week following a faster than rise in US crude oil inventories.

Equities Market

Equity Market Commentary

The All Share Index (NASI) slightly eased by 0.3% w-o-w while the NSE 20 Share Index was flat to close the week at 177.96 and 1,961.33 respectively. We attribute the dip in the all-share index to a decrease in Safaricom's price by 0.3% w/w to KES 42.80. Equity turnover declined by 39.3% to KES 2.0 billion while the volume traded fell by 30.3% to 50.9 million. Notable price declines in the week included; Eaggads (9.1% w/w to KES 12.00), NMG (4.8% w/w to KES 20.70), NCBA (3.6% w/w to KES 24.10), ILAM (3.7% w/w to KES 6.72), CIC (2.7% w/w to KES 2.56) and Co-op (2.0% w/w to KES 12.50). We expect price stability in the coming week.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	177.96	178.54	(0.3%)	17.0%
NSE 20	1,961.33	1,960.75	0.0%	5.0%
NSE 25	3,851.67	3,865.42	(0.4%)	12.8%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,777.07	2,781.74	(0.2%)
Volume (Mn)	51.01	73.22	(30.3%)
Equity Turnover (KES Mn)	1,950.12	3,210.16	(39.3%)

Source: NSE

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Everready	1.00	11.1%	(16.7%)
2.	Britam	7.96	6.1%	9.6%
3.	Williamson	138.00	5.5%	6.0%
4.	Uchumi	0.23	4.5%	(17.9%)
5.	Stanbic	94.00	4.4%	10.6%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	E.A Cables	1.28	(11.1%)	(7.2%)
2.	Eaagads	12.00	(9.1%)	5.2%
3.	Sasini	19.95	(5.0%)	7.5%
4.	NMG	20.70	(4.8%)	34.0%
5.	NCBA	24.10	(3.6%)	(9.9%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	42.80	950.34
2.	KCB	43.95	393.38
3.	EABL	166.00	244.13
4.	Equity	49.70	155.49
5.	Jubilee	360.00	54.64

Source: NSE and Faida Investment Bank Analysis

In the News

Kenya Obtains KES 16.7 billion loan from World Bank

- Kenya has obtained a KES 16.7 billion loan from the World Bank - through its International Development Association arm - to support local communities affected by climate change and drought.
- The loan facility was approved through the new Financing Locally-Led Climate Action (FLLoCA) program
- According to the World Bank, the primary beneficiaries of the program will be communities in rural areas, especially those in arid and semi-arid regions, which have been affected by the impacts of climate change such as droughts, floods, outbreaks of climate-related diseases, low farmland productivity and declining livestock.
- Counties are set to receive annual disbursement based on performance against a specified results-based criterion

Commentary

- According to the Central Bank of Kenya (CBK), the country's domestic and external debt stood at KES 3,909.81 billion and KES 4,015.30 billion respectively as at June 2021. The external debt has risen by 14.2% y/y from KES 3,515.81 billion in June 2020. We opine that spending on development could be weighed down by the high debt levels and increased interest repayments.
- We expect the loan to support communities in areas that have been negatively impacted by drought in the country such as Isiolo, Garissa and Tana River and cushion those who have lost livelihoods as a result.

EABL KES 11.0 billion Bond Oversubscribed

- EABL's KES 11.0 billion medium-term note registered an oversubscription of 275.0% with investors bidding KES 37.9 billion.
- The offer opened on 6th October 2021 and closed on 21st October 2021. The 5 year medium term note with an interest rate of 12.25% payable semi-annually will be listed for trading on the NSE from 1st November 2021.
- According to management, the medium-term note was issued based on the company's proven track record in the debt capital markets.

Commentary

We opine that the significant oversubscription in the COVID-19 environment signifies increasing investor confidence in corporate bonds as well as the company's ability to repay the bond

Equity Group set to lend \$500.0 billion loan

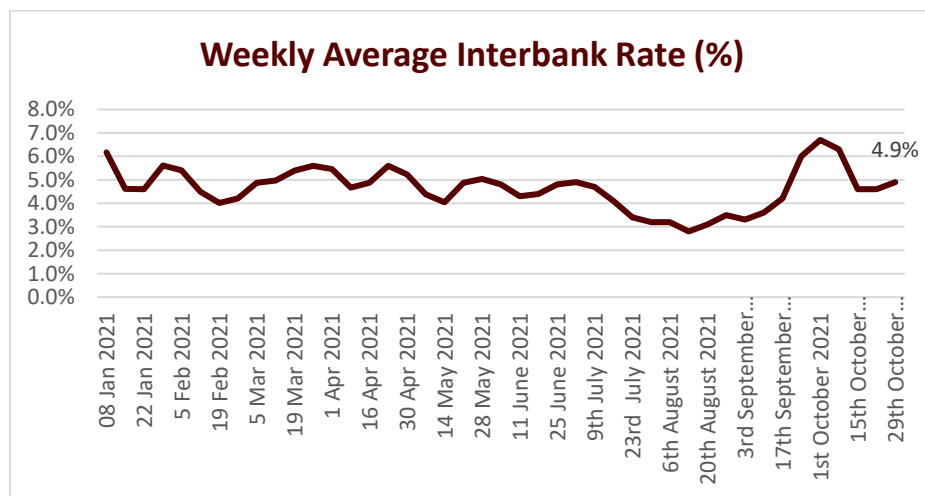
- Equity Group is set to lend \$500.0 billion to Kenyan and South African firms that want to establish manufacturing, construction, health and investment firms, facilitate value addition through processing and packaging and finance export or import business.
- About KES 100.0 billion of the funds will be sourced from development institutions such as the African Development Bank (AfDB) and the remainder from customer deposits.
- The move is aimed at expanding the bank's operations without setting up physical branches
- According to management, the KES 500.0 billion would go towards facilitating trade by funding Kenyan importers or South African firms that want to export into the regions the Group operates in or firms that want to have partnerships in the region.

Commentary

- The Group has been keen on geographical expansion and business diversification. We note that in 2020, the Group halted plans to expand geographically into Southern Africa owing to the negative impact of the COVID-19 pandemic on the business environment. We opine that the move to expand to South Africa without setting up physical branches is prudent in light of the COVID-19 environment.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	2.6	65.97%	2.6	7.040%	0.02%
182 day	10.0	7.4	74.16%	5.5	7.486%	0.07%
364 day	10.0	5.8	57.90%	5.8	8.489%	0.13%
Total	24.0	15.9	66.02%	13.9		

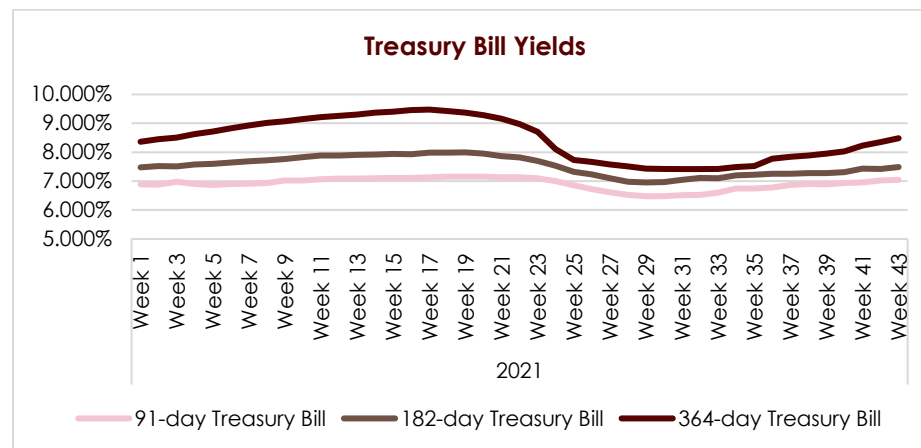
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was marginally lower at 65.97% compared to last week's 74.23%. The 182-

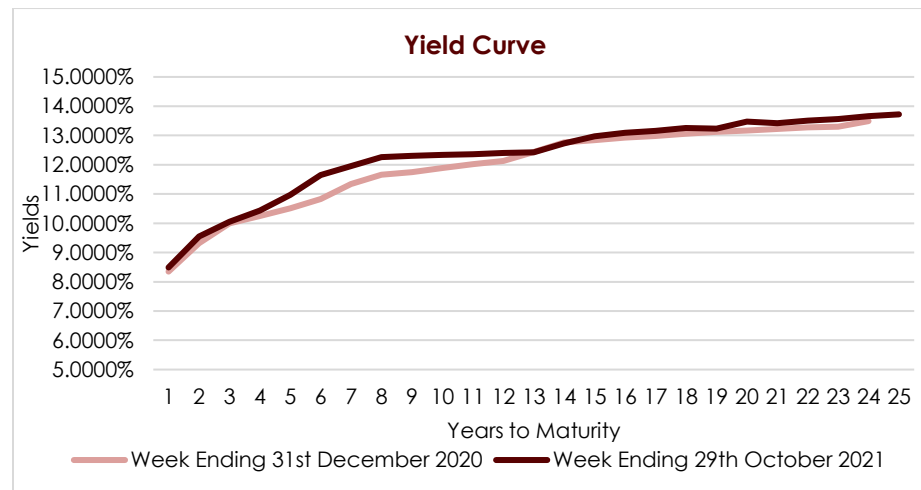
day bill had the highest subscription rate this week, at 74.16% while the 364 day bill had the lowest subscription at 57.90%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Macroeconomic Indicators

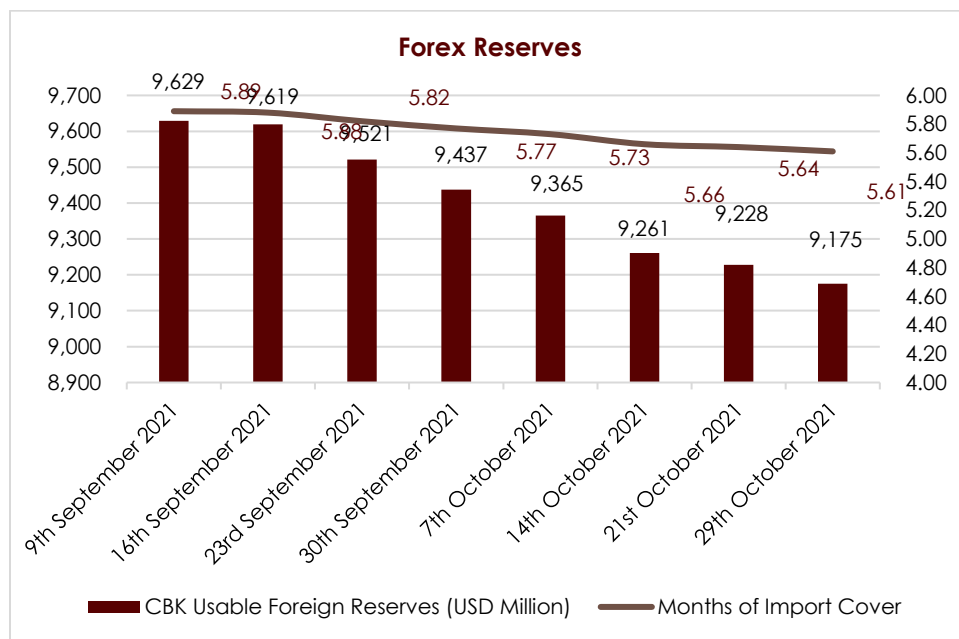
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	111.2147	(01.1%)	(1.9%)
STG Pound	152.9632	0.2%	(3.1%)
EURO	129.0803	0.2%	3.6%

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

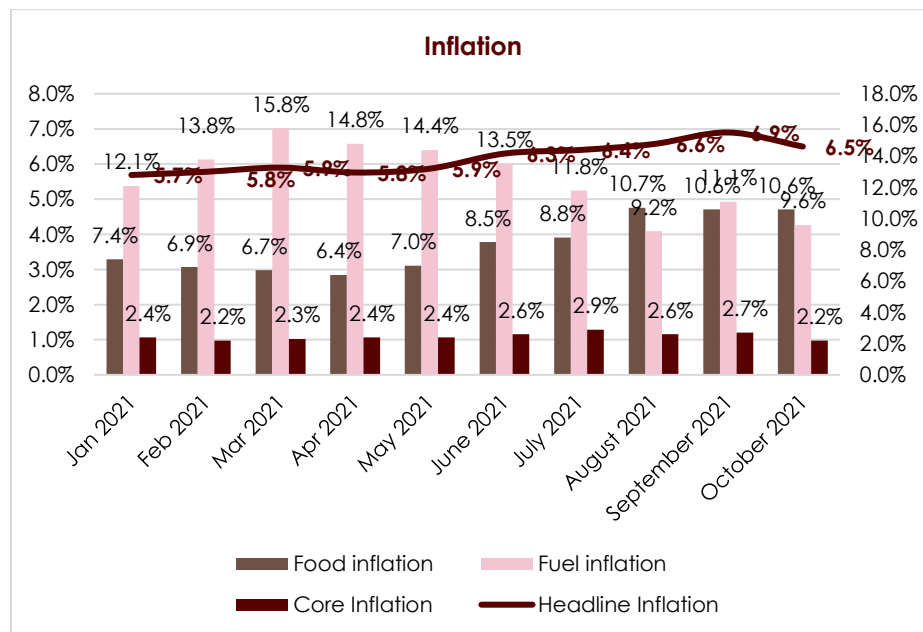
During the week, the Kenya Shilling depreciated against the US Dollar and appreciated against the STG pound and the Euro.

Forex Reserves



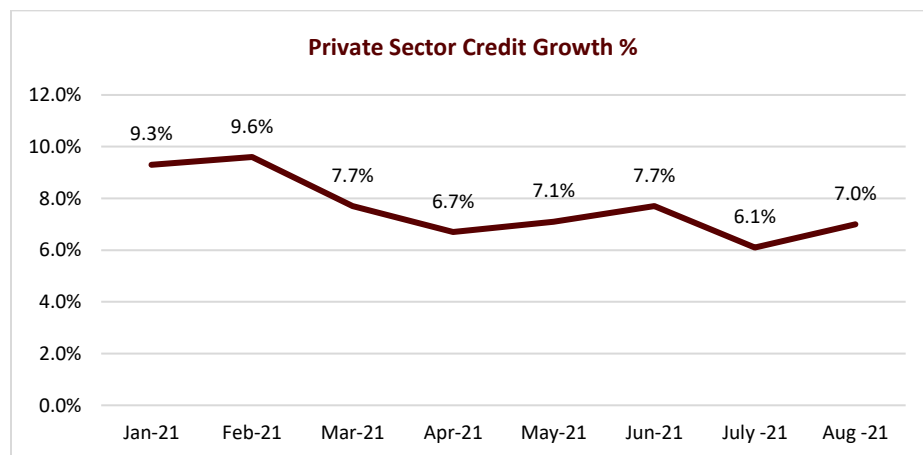
Source: CBK

Inflation



Source: KNBS

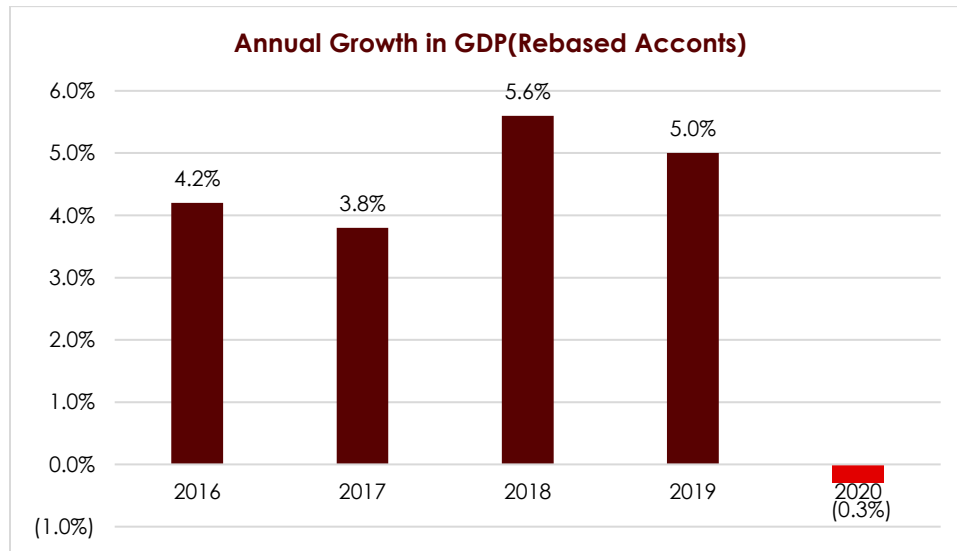
Credit Growth



Source: CBK

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

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	61	41
Total Value	2,162,470	1,471,690
Total Open Interest	934	917

Source: NSE

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Corporate Finance

RecoMed raises \$1.5 Million in Funding

RecoMed, a South African online healthcare marketplace and booking platform has secured \$1.5 million in funding. The platform enables patients to easily book appointments with a diverse selection of healthcare practitioners. The funding round was led by Vunani Fintech Fund. Vunani is focused on digital and tech-based solutions and made an investment worth \$1.0 million. Other participants in the round included AAIC, Growth Grid Venture Capital Partners and Kenyan-based Push Ventures. The funding will be used to launch the platform in Kenya in January 2022.

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	43.95	15.4%	-0.6%	8,946,000	44.3%	6.44	2.3%	1.07	15.4%
Equity Bank	49.70	36.0%	-0.5%	3,122,600	48.5%	10.69	0.0%	1.27	13.0%
NCBA	24.10	-9.9%	-3.6%	359,900	43.1%	2.77	7.3%	0.52	6.5%
Stanbic	94.00	10.6%	4.4%	3,700	48.9%	10.61	4.0%	0.75	6.8%
Absa Bank Kenya Plc	10.20	5.6%	1.5%	1,055,100	44.6%	9.94	0.0%	1.07	11.7%
Housing Finance	3.81	14.8%	1.3%	159,300	120.9%	N/M	0.0%	0.16	-3.8%
Co-operative Bank	12.50	0.0%	-2.0%	775,100	49.9%	9.96	8.0%	0.92	8.5%
Diamond Trust Bank	58.75	-21.7%	0.9%	28,000	38.2%	5.66	4.6%	0.25	4.6%
Standard Chartered	130.00	-9.9%	0.6%	34,900	47.3%	12.38	8.1%	0.86	9.4%
I&M	21.45	-52.3%	-0.2%	160,900	48.1%	4.40	11.9%	0.30	6.5%
Sector Average					53.4%	8.10	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	20.70	34.0%	-4.8%	126,700	103.50	0.0%	0.2	1.7%
WPP Scangroup	4.79	-20.2%	4.4%	178,600	4.28	10.4%	1.12	6.0%
Uchumi Supermarket	0.23	-17.9%	4.5%	464,500	N/M	0.0%	-4.6	N/M
Longhorn Publishers	3.91	-19.9%	-1.0%	18,100	5.75	13.3%	0.68	17.3%
Eveready	1.00	-16.7%	11.1%	9,000	N/M	0.0%	-1.45	-10.8%
Sector Average					37.84	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	36.65	-3.2%	-0.9%	192,800	14.96	8.2%	3.2%	3.8%
E.A. Portland Cement	7.80	-29.1%	2.4%	2,400	N/M	0.0%	0.0%	0.0%
Sector Average					14.96	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	4.69	-0.4%	-0.6%	1,019,000	1.68	6.4%	2.79	9.0%
Kenya Power	1.72	0.6%	1.8%	4,739,000	N/M	0.0%	N/M	N/M
Total Kenya	24.70	2.9%	1.6%	46,000	6.13	5.3%	4.03	10.8%
Sector Average					3.91	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	2.56	20.2%	-2.7%	327,600	0.88	N/M	71.4%	34.6%
Britam	7.96	9.6%	6.1%	343,000	1.02	N/M	80.6%	58.1%
Jubilee	360.00	26.8%	2.9%	155,900	*0.80	6.86	101.3%	44.2%
Kenya Re	2.42	4.3%	-1.2%	1,556,900	0.05	2.30	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	-1.3%	5,000.00	1.25	14.56	85.8%	35.5%
Liberty	8.00	3.9%	3.1%	2,500.00	0.51	6.11	119.6%	48.7%
Sector Average					0.75	7.46	87.7%	38.3%

*Unadjusted for the sale to Allianz

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	17.75	1.4%	1.4%	1,453,100	2.55	0.37	6.95	9.3%
Home Afrika Ltd	1.35	-4.8%	2.6%	512,400	N/M	N/M	N/M	2.6%
Trans-Century	1.35	-6.9%	-2.2%	22,100.00	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	8.80	7.8%	-2.0%	56,600	29.33	3.2%	0.3	3.9%
Sector Average					29.33	3.2%		

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	166.00	7.6%	-1.9%	1,476,700	32.11	1.8%	5.17	46.6%
FTG Holdings	1.35	9.8%	0.0%	11,300	5.19	0.0%	0.26	4.8%
Carbacid	11.50	-5.0%	2.7%	87,500	9.06	6.1%	1.27	10.0%
BAT	430.00	19.1%	-1.3%	96,300	7.79	10.5%	55.18	51.2%
Sector Average					13.54	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	42.80	25.0%	-0.3%	22,393,400	25.03	3.2%	1.71	49.9%
Sector Average					25.03	3.2%		

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.72	20.9%	-3.7%	61,300	20.86	11.01%	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 43.95	KES 47.54	8.2%	KES 2.0	15.4%

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

Source: NSE

There's a new way to get the latest research and analysis from Faida Investment Bank

To receive Investment Opportunities and the Latest Market Recommendations on WhatsApp save

+254743552341 in your contacts list.

For more detailed information on the recommendations, please click **here**:

To invest in Money Market Funds, please email: **info@fib.co.ke**

For Online Share Trading (OST) via browser, please click **here**:

For the Faida M-Trader Application, please click **here**:



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