

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 141.32	0.9%	-15.1%	USD Mn – 19,948 KES Bn – 2,169.80
	NSE 20 Share Index – 1,769.54	-0.8%	-33.3%	USD Mn – 17,562 KES Bn – 1,910.286
	NSE 25 Share Index – 3,200.41	0.9%	-22.0%	USD Mn – 18,602 KES Bn – 2,023.42

Source:NSE

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-W	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –108.9059	(0.1%)	(7.5%)	4.8% (10/2020)	-5.7% (2Q2020)
NGN/USD -379.50*	-	(23.8%)	13.7% (09/2020)	-6.1% (2Q2020)
ZAR/USD – 15.7343	3.6%	(12.1%)	3.0% (09/2020)	-51.0%(2Q2020)

Source: CBK, KNBS, NBS, CBN, SIS, STATS SA, SARB: Negative ( ) – Depreciation, Positive – Appreciation \*11/05/2020

## Kenya Power Receives Approval on 20.0% Tariff Increase

- KPLC has received regulatory approval from the Energy Petroleum and Regulatory Authority (EPRA) on the revision of tariffs, following the company's submission of an addendum last month, which reflected the current developments in the energy sector.
- The 20.0% increase in tariffs, if implemented, would see the consumption charge for usage of less than 100 kilowatts per month rise to KES 12.50 a unit from the current KES 10.00.
- Further, the consumption charge for usage above 100 units would increase to KES 19.53 from the current KES 15.80.
- The new tariffs would be revealed in the coming weeks and subjected to public participation before they can take effect.
- According to the company, the higher tariffs are justified given the current electricity prices lapsed last year. Tariffs are to be reviewed every 3 years, however, this may vary as the regulator may delay or amend the rates when the government seeks to lower inflationary pressures.
- The company had previously made an application to EPRA in September 2019 seeking a revision of tariffs.
- By raising the tariffs, KPLC aims to reverse the decline in profitability (the company has so far issued three profit warnings in a row).

## Commentary

- If implemented, the increase in tariffs would enhance Kenya Power's revenues and cash flows, providing the much needed boost it needs to sufficiently cover its cost base especially distribution & transmission costs and finance costs (both principal and interest). This could potentially increase the company's profitability in the short-term.
- However, the increase in tariffs would also have the negative impact of increasing the cost of living and doing business and this could have detrimental effects on the economy in the long run.

## **Faida & IMBC Deliver 12% Oversubscription for I&M Bank (Rwanda) PLC Rights Issue**

We (Faida Securities Rwanda) and I&M Burbidge Capital Limited, as the Joint Lead Transaction Advisors for the 2020 Rights Issue, are pleased to announce the successful completion of the transaction with the Rights Issue having closed with an oversubscription of 12%. The rights issue raised 7.9 billion Frw (approx. Kshs 887 Million) at a share offer price of Frw 39.60 for a total 202,000,000 shares on offer. However, those applied for totaled 225,584,700 buoying the performance of the transaction by 112%. Please see the press release [here](#):

## **Market Commentary**

The All Share Index gained by 0.9% w-o-w to close the week at 141.32 while the NSE 20 Share Index retreated by 0.8% to close the week at 1,769.54. Market turnover increased by 86.6% to KES 3.1 billion as the volume of shares traded rose by 78.4% to 103.5 million. Activity in the market was driven by the banking sector (KCB +0.6% to KES 35.60, Equity +1.0% to KES 35.00 and Co-op +0.9% to KES 11.60) and Safaricom (+0.2% to KES 31.30). The counters witnessed an uptick in investor demand following price declines in the previous week and earlier on in the week. We note that most of the demand came after the president announced “new” containment measures. We opine that these measures alone will not derail the economic recovery. However, the rising COVID-19 cases in other countries and the measures taken to curb further spread remains a cause for concern.

In the coming weeks, we expect an increase in activity in the banking sector ahead of the 3Q2020 results and on Safaricom ahead of the 1H2020/21 results (announcement on 9<sup>th</sup> November 2020).

## 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	35.60	-34.1%	-1.2%	2,056,100	45.9%	4.42	9.8%	0.86	20.7%
Equity Bank	35.00	-34.6%	3.2%	3,421,800	51.5%	5.85	0.0%	1.18	21.8%
NCBA	21.95	-40.4%	-3.1%	5,600	41.9%	2.53	0.0%	0.49	15.3%
Stanbic	80.00	-26.8%	3.9%	110,000	56.2%	4.96	8.8%	0.64	13.6%
Absa Bank Kenya Plc	9.50	-28.8%	0.6%	65,500	51.2%	6.92	11.6%	1.14	16.7%
Housing Finance	3.69	-42.9%	-1.1%	1,000	93.8%	N/M	0.0%	0.13	-1.1%
Co-operative Bank	11.60	-29.1%	2.7%	363,300	52.1%	4.76	8.6%	0.86	19.2%
Diamond Trust Bank	61.00	-44.0%	-0.4%	242,200	48.6%	2.51	4.4%	0.29	12.1%
Standard Chartered	157.00	-22.5%	-0.8%	1,300	55.6%	6.55	4.8%	1.13	17.5%
I&M	43.20	-20.0%	-1.8%	8,600	39.0%	1.66	5.9%	0.31	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.46</b>	<b>5.4%</b>	<b>0.70</b>	<b>15.6%</b>

### 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	15.15	-61.9%	-6.5%	11,200	3.37	9.9%	4.5	10.9%
WPP Scangroup	6.40	-62.8%	-0.6%	15,000	5.71	7.8%	1.12	6.0%
Uchumi Supermarket	0.30	3.4%	7.1%	58,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.50	-33.4%	-2.4%	8,500	6.62	11.6%	0.68	17.3%
Eveready	0.90	-18.2%	-8.2%	61,300	N/M	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.23</b>	<b>5.9%</b>		<b>5.8%</b>

\*N/M - Not Meaningful

<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
Bamburi Cement	24.70	-69.1%	2.9%	3,600	10.08	0.0%	1.6%	2.1%
E.A. Portland Cement	16.00	10.3%	0.0%	0	<b>N/M</b>	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>10.08</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	4.82	-15.7%	-4.7%	76,400	4.02	8.3%	1.20	4.2%
Kenya Power	1.78	-36.7%	1.7%	79,100	13.69	0.0%	0.13	0.4%
Total Kenya	24.70	-10.2%	2.7%	400	6.13	5.3%	4.03	10.8%
<b>Sector Average</b>					<b>7.95</b>	<b>4.1%</b>		<b>2.3%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	2.18	-18.7%	-3.1%	17,200	0.28	18.17	69.8%	34.4%
Britam	7.50	-16.7%	1.6%	516,900	0.26	5.32	65.3%	37.2%
Jubilee	269.00	-23.4%	-0.2%	500	9.58	5.12	91.9%	46.2%
Kenya Re	2.02	-33.3%	-10.2%	4,566,200	0.07	0.79	71.2%	13.1%
Sanlam Kenya	12.75	-25.9%	3.7%	500.00	8.85	16.14	85.8%	35.5%
Liberty	7.50	-27.5%	-1.1%	13,100.00	0.93	5.73	119.6%	48.7%
<b>Sector Average</b>					<b>3.33</b>	<b>8.54</b>	<b>83.9%</b>	<b>35.8%</b>

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<b>Investment Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>P/B(X)</b>	<b>EPS (KES)</b>	<b>ROE</b>
Centum Investment	18.00	-1.6%	-1.6%	27,700	2.59	0.38	6.95	9.3%
Home Afrika Ltd	1.60	-31.7%	-4.7%	8,600	N/M	N/M	N/M	2.6%
Trans-Century	1.60	-36.0%	0.0%	100.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.38</b>		<b>5.5%</b>

\*P/B based on company Net Asset Value

<b>Investment Services</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>%w-o-w change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
NSE	7.76	-37.2%	-6.1%	200	25.87	3.6%	0.3	3.9%
<b>Sector Average</b>					<b>25.87</b>	<b>3.6%</b>		

<b>Manufacturing &amp; Allied Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Mumias Sugar	0.27	0.0%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	150.75	-24.1%	0.3%	265,300	29.16	2.0%	5.17	46.6%
FTG Holdings	1.39	-43.7%	-0.7%	5,500	5.35	0.0%	0.26	4.8%
Carbacid	8.96	12.0%	5.4%	11,500	8.62	7.8%	1.04	8.6%
BAT	350.00	-30.0%	2.3%	23,400	9.01	9.6%	38.85	40.8%
<b>Sector Average</b>					<b>13.03</b>	<b>3.9%</b>		

<b>Telecommunication &amp; Technology Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Safaricom	31.30	-0.6%	1.5%	3,200,800	16.83	4.5%	1.86	51.8%
<b>Sector Average</b>					<b>16.83</b>	<b>4.5%</b>		

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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	5.50	-41.6%	0.0%	100	20.80	13.64%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

Market Statistics	This Week	Last Week	% Change
Total Volumes	103,500,000	58,010,000	78.4%
Total Turnover (KES)	3,138,720,000	1,682,150,000	86.6%

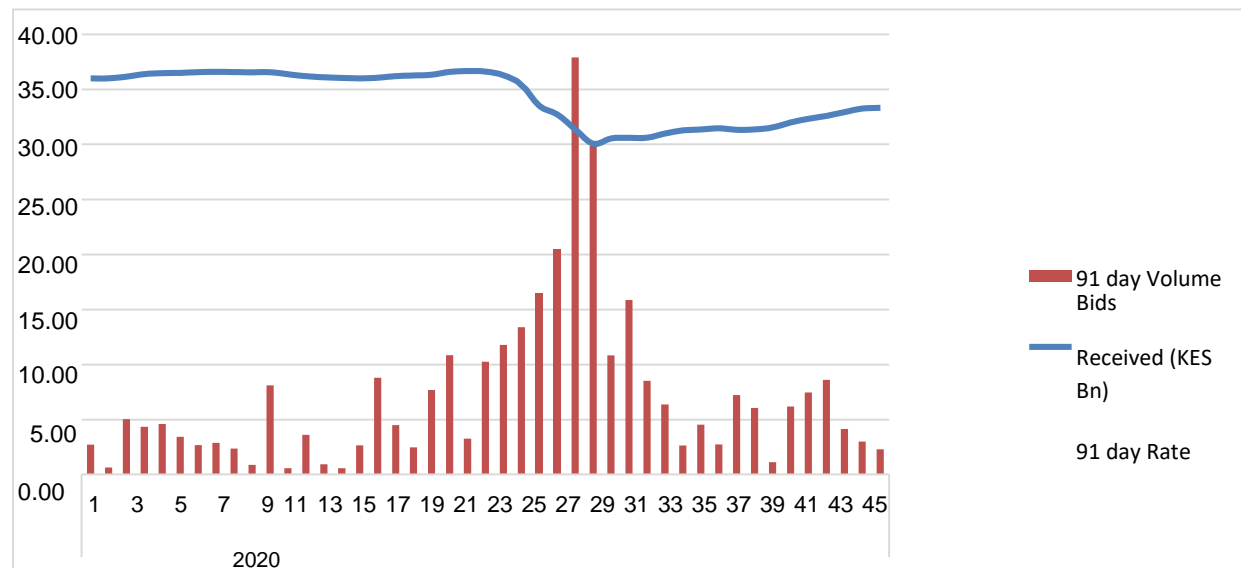
# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	Change*
91 day T-bill	2.28 Bn	56.94%	2.28 Bn	6.666%	6.653%	0.013%
182 day T-bill	4.55 Bn	45.51%	4.55 Bn	7.072%	7.038%	0.034%
364 day T-bill	21.00 Bn	209.95%	20.73 Bn	7.994%	7.933%	0.061%

\*Current Rate-Previous Rate

Graph showing 91 day T-bill rate and volume

Week No. 45



# Corporate Actions

<b>Counter</b>	<b>Corporate Action</b>	<b>Declared</b>	<b>Date Announced</b>	<b>Books Closure Date</b>	<b>Payment Date</b>
Nation Media Group Ltd	Bonus Issue	01:10	20-Apr-20	<b>12-Jun-20</b>	Subject to Approval
Kapchorua Tea Kenya	Final dividend	Kes. 10.00	17-Jul-20	<b>30-Jul-20</b>	Subject to Approval
Williamson Tea Kenya	Final dividend	Kes. 20.00	17-Jul-20	<b>18-Aug-20</b>	Subject to Approval
Kenya-Re Insurance Ltd	First & Final dividend	Kes. 0.10	02-Sep-20	<b>09-Oct-20</b>	20-Nov-20
Kengen Plc	Final dividend	Kes. 0.25	01-Sep-20	<b>03-Nov-20</b>	17-Dec-20



# Market Recommendations

## Summary

Counter	Recommendation	YTD Change	Price as at 6th November 2020
Equity	Long-term Buy	-34.58%	35.00
HF	Sell	-42.88%	3.69

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