



# Weekly Report

## Week 45

Week Ending Friday, November 12, 2021

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## Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	36,006.39	-0.9%	18.5%
S&P 500	4,699.27	-1.0%	24.5%
NASDAQ 100	16,078.53	-1.7%	25.1%
DAX	16,109.36	0.3%	17.4%
FTSE 100	7,366.00	0.8%	14.1%
EURO STOXX 50	4,369.02	0.1%	23.0%
Shanghai Composite	3,539.10	1.4%	1.9%
NIKKEI 225	29,609.97	-0.0%	7.9%
Commodities			
Brent Oil (USD/bbl.)	81.94	-1.9%	60.3%
Gold (USD/Oz)	1,856.46	2.1%	-2.2%

Source: Bloomberg, NSE; \*As at 6:20 PM EAT

Equity indices rose and fell during the week. The FTSE 100 edged up boosted by mining stocks such as BHP and Rio Tinto as well as positive first half results from Auto Trader Group. Oil (brent crude) fell after US President's Joe Biden stated that his administration was focused on securing ways to lower energy costs which drove up the dollar.

## Equities Market

### Equity Market Commentary

The All Share Index (NASI) rose by 0.3% and the NSE 20 eased by 1.5% w-o-w to close the week at 171.47 and 1,919.95 respectively. Equity turnover rose by 89.8% to KES 3.5 billion while the volume traded rose by 60.7% to 101.4 million. Most banking counters registered price increases including; HF (8.6% w/w to KES 4.15%), Stanbic (8.0% w/w to KES 94.00), BK (7.5% w/w to KES 28.50) and Equity (5.2% w/w to KES 52.50). Equity's price rose as the bank released positive results (+77.8% to KES 26.3 billion) for 3Q2021. You can read more on this in our note [here](#); Safaricom remained flat following the release of its half-year 2022 results on Wednesday (+12.1% y/y to KES 37.1 billion). We expect overall market activity to remain skewed towards the banking sector with continued release of 3Q21 results.

### Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	171.47	170.94	0.3%	12.7%
NSE 20	1,919.95	1,948.87	(1.5%)	2.8%
NSE 25	3,782.92	3,757.80	0.7%	10.8%

Source: NSE

### Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	3,496.04	2,667.32	0.3%
Volume (Mn)	101.46	63.19	60.6%
Equity Turnover (KES Mn)	2,675.62	1,842.56	89.7%

Source: NSE

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## Equities Performance

	<b>Top Gainers</b>	<b>Price (KES)</b>	<b>Weekly Change %</b>	<b>YTD Change</b>
1.	HF	1.91	8.6%	25.0%
2.	Stanbic	94.00	8.0%	10.6%
3.	Kakuzi	415.00	7.8%	13.7%
4.	BK Group	28.50	7.5%	39.0%
5.	Sanlam	12.40	6.8%	(4.2%)

	<b>Top Losers</b>	<b>Price (KES)</b>	<b>Weekly Change</b>	<b>YTD Change %</b>
1.	Express Kenya	3.50	(17.1%)	(3.0%)
2.	Centum	15.15	(14.2%)	(5.6%)
3.	Everready	0.85	(11.5%)	(29.2%)
4.	Trasncentury	343.75	(10.0%)	(19.3%)
5.	Liberty	7.02	(6.4%)	(8.8%)

	<b>Movers</b>	<b>Price (KES)</b>	<b>Turnover (KES Mn)</b>
1.	Safaricom	40.20	1,937.92
2.	Equity	52.50	788.40
3.	EABL	162.25	212.68
4.	KCB	44.50	208.55
5.	BAT	429.00	94.09

Source: NSE and Faida Investment Bank Analysis

## In the News

### Stanbic Bank Kenya's PMI Indicates Improving Business Conditions in October 2021

- The headline Purchasing Managers Index (PMI) reported in October rose to 51.4 from 50.4 in September. The improvement was driven by output growth and expansion of new business.
- According to Stanbic Bank Kenya in October business activity expanded at the fastest pace in the past 5 months, driven by higher demand and output – with the improvement in domestic demand driven by increased client spending particularly in wholesale and retail trade.
- Growing demand from Europe saw export demand rise at the fastest rate since August last year.
- Input costs rose driven by:
  - Weak material supply
  - Higher Value Added Tax (VAT)
  - Higher energy prices
- As a result, output prices grew with businesses passing on higher input costs to buyers.
- Businesses increased their output as Covid-19 restrictions were eased and demand rose - particularly in service firms.
- Employment levels grew for the 6<sup>th</sup> consecutive month with businesses looking to boost capacity. However job creation rates declined as businesses remained uncertain over future activity.
- Business purchasing activity grew at a faster rate. This was attributed to firms boosting stock levels.

### Commentary

- We expect increased consumer demand following the easing of restrictions (removal of the night curfew).
- We expect this to further improve business conditions in November, especially for businesses in the service industry such as restaurants and bars.

### KCB Partners with TATA Africa on Truck Financing

- KCB has partnered with TATA Africa to offer loans for construction trucks – with KCB financing up to 95.0% of the loan
- The credit facility has a repayment period of 6 years for customers purchasing trucks in one year

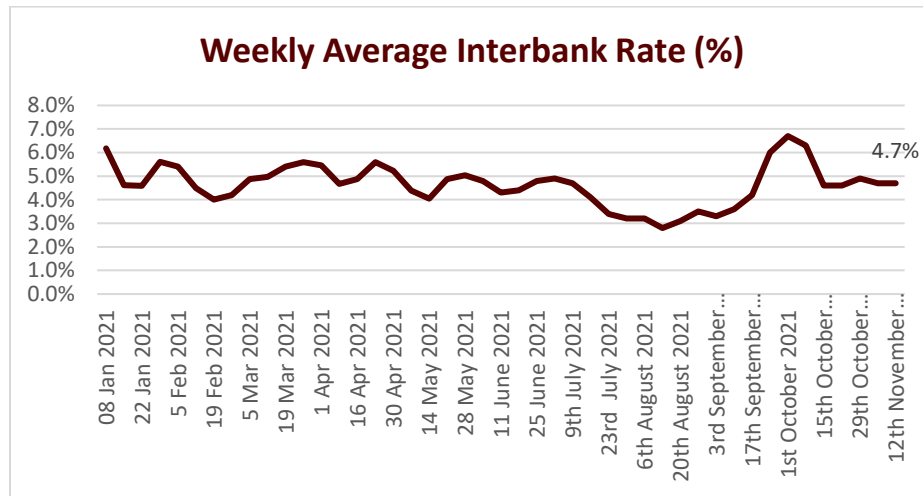
- According to TATA Africa, the move aims to ensure customers have access to specialized services post-purchase; given the rising demand for vehicles used in construction.
- Further, the partnership targets individuals, small-medium size companies (SMEs) and large commercial businesses

### Commentary:

- The partnership is timely as the construction sectors has seen increased activity as the government focuses on construction of roads and bridges. We opine that the credit facility will support SMEs which have been adversely affected by the COVID-19 pandemic.

## Fixed Income

### Interbank Rate



Source: CBK

### Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	4.0	99.76%	4.0	7.070%	0.03%
182 day	10.0	5.2	52.02%	5.2	7.683%	0.13%
364 day	10.0	7.4	74.34%	7.3	8.745%	0.12%
Total	24.0	16.6	69.27%	16.5		

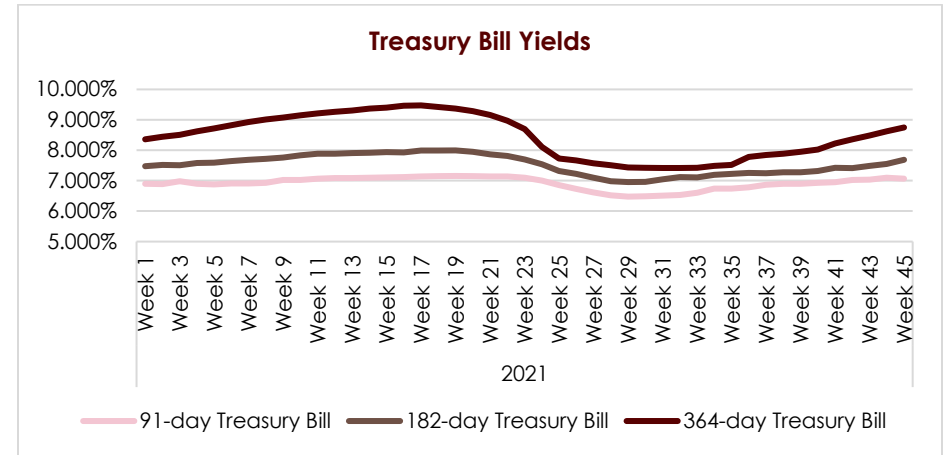
\*Change = Current Rate – Previous Rate; 1.0% = 100 bps  
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 69.27% compared to last week's 131.14%. The 91-day bill had

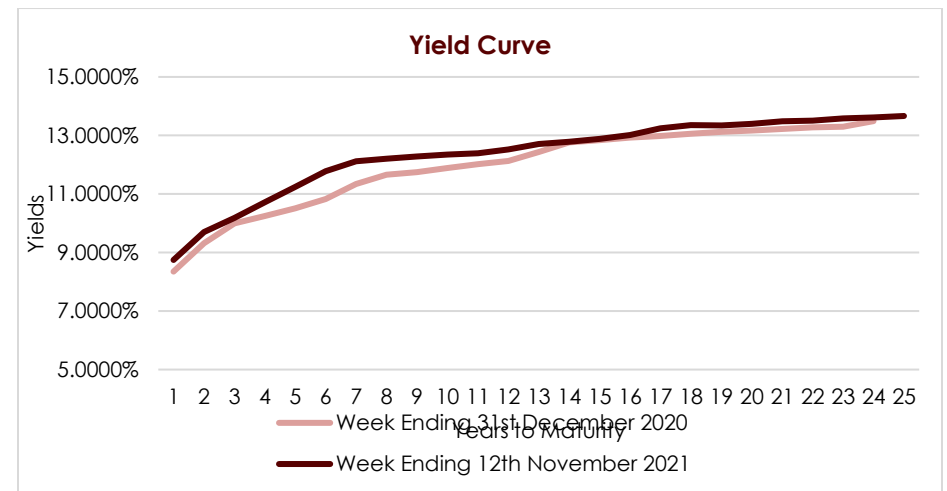
the highest subscription rate this week, at 99.76% while the 182 day bill had the lowest subscription at 52.02%.

### Treasury Bill Yields



Source: CBK

### Government Securities Yield Curve



Source: NSE

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## Macroeconomic Indicators

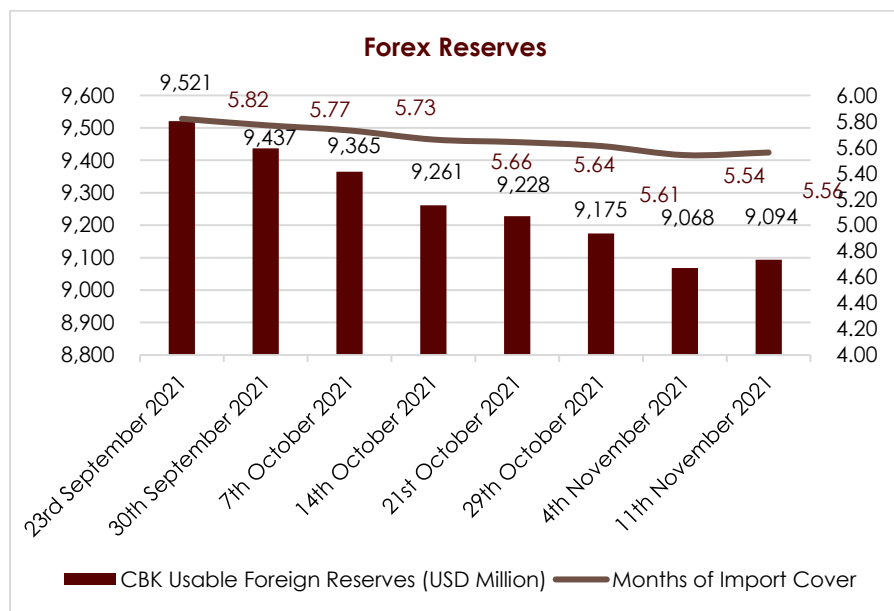
### Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	111.8147	(0.2%)	(2.4%)
STG Pound	150.1438	1.1%	(1.2%)
EURO	128.4247	0.3%	4.1%

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

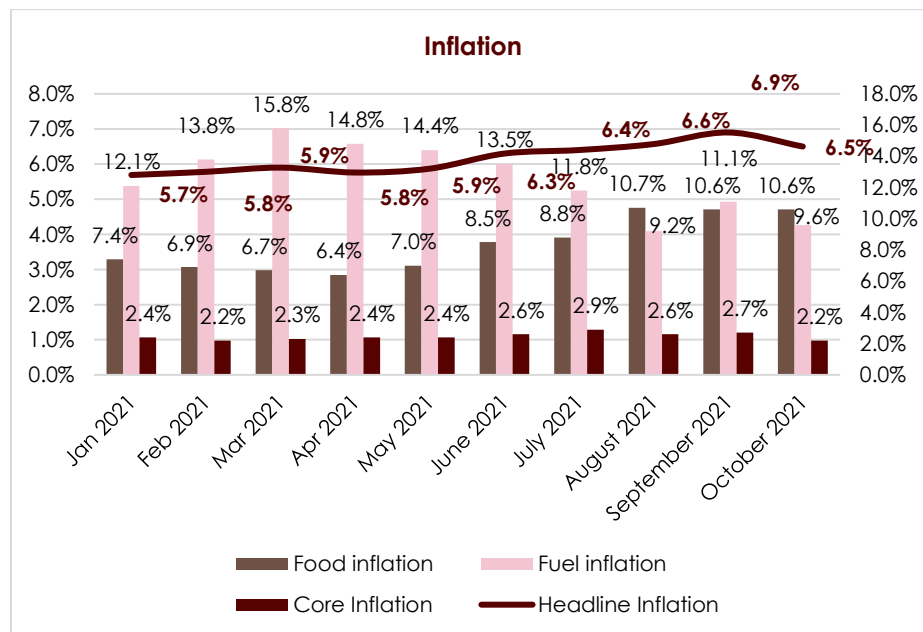
During the week, the Kenya Shilling depreciated against the US Dollar and appreciated against the STG pound and the Euro.

### Forex Reserves



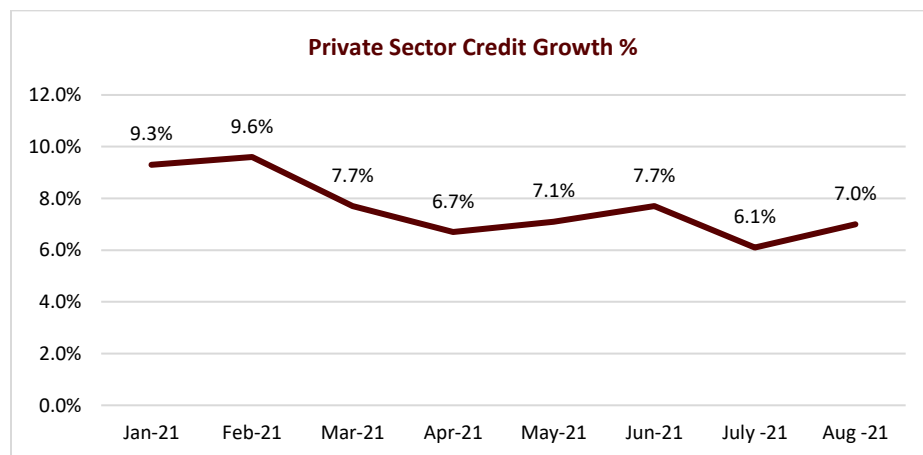
Source: CBK

## Inflation



Source: KNBS

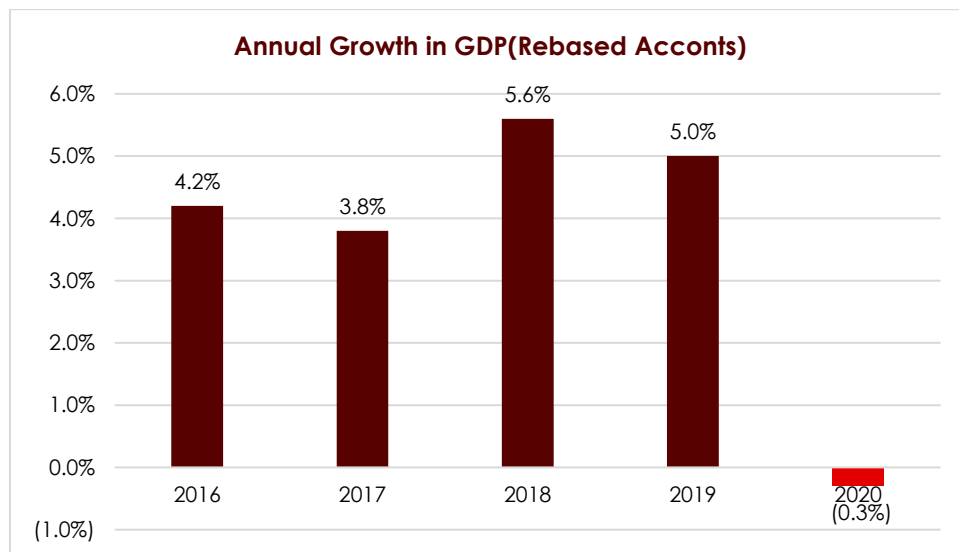
## Credit Growth



Source: CBK

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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	142	105
Total Value	5,769,115	4,167,180
Total Open Interest	905	917

Source: NSE

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## **Corporate Finance**

### **Wicrypt raises \$1.5 Million in Funding**

Wicrypt, a Nigerian Wi-Fi startup, has raised \$1.5 million in funding. The startup was launched in 2018 and is a decentralized mobile internet sharing and monetization network that enables users to get paid for sharing their WiFi. The funding round was led by AU21 Capital with participation from Polygon, Inclusion Capital, Outlier Ventures and Chain Capital among others. The funding will be used to expand into new countries.



## 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	44.50	16.8%	2.3%	406,500	44.3%	6.52	2.2%	1.08	15.4%
Equity Bank	52.50	43.6%	5.2%	727,200	48.5%	11.29	0.0%	1.34	13.0%
NCBA	23.95	-10.5%	-0.6%	80,300	43.1%	2.76	7.3%	0.51	6.5%
Stanbic	94.00	10.6%	8.0%	-	48.9%	10.61	4.0%	0.75	6.8%
Absa Bank Kenya Plc	10.20	5.6%	-0.5%	3,403,600	44.6%	9.94	0.0%	1.07	11.7%
Housing Finance	4.15	25.0%	8.6%	23,400	120.9%	<b>N/M</b>	0.0%	0.18	-3.8%
Co-operative Bank	12.55	0.4%	0.4%	102,300	49.9%	10.00	8.0%	0.92	8.5%
Diamond Trust Bank	58.00	-22.7%	1.8%	10,900	38.2%	5.59	4.7%	0.25	4.6%
Standard Chartered	130.50	-9.5%	0.6%	9,300	47.3%	12.43	8.0%	0.87	9.4%
I&M	21.95	-51.2%	0.9%	300	48.1%	4.50	11.6%	0.31	6.5%
<b>Sector Average</b>					<b>53.4%</b>	<b>8.18</b>	<b>4.6%</b>	<b>0.73</b>	<b>7.9%</b>

### 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%	-	<b>N/M</b>	0.0%	-6.22	<b>N/M</b>
Nation Media Group	20.00	29.4%	-7.2%	14,600	100.00	0.0%	0.2	1.7%
WPP Scangroup	4.54	-24.3%	-6.4%	29,300	4.05	11.0%	1.12	6.0%
Uchumi Supermarket	0.21	-25.0%	-4.5%	58,000	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	3.93	-19.5%	3.4%	47,300	5.78	13.2%	0.68	17.3%
Eveready	0.85	-29.2%	-11.5%	3,400	<b>N/M</b>	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>36.61</b>	<b>4.8%</b>		<b>3.6%</b>

\*\*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	35.40	-6.5%	-2.9%	12,200	14.45	8.5%	3.2%	3.8%
E.A. Portland Cement	8.00	-27.3%	0.0%	0	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>14.45</b>	<b>4.2%</b>	<b>1.6%</b>	<b>1.9%</b>

\*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	4.53	-3.8%	-3.2%	317,500	1.62	6.6%	2.79	9.0%
Kenya Power	1.84	7.6%	-3.7%	2,522,200	N/M	0.0%	N/M	N/M
Total Kenya	24.65	2.7%	1.6%	2,000	6.12	5.3%	4.03	10.8%
<b>Sector Average</b>					<b>3.87</b>	<b>3.3%</b>		<b>9.0%</b>

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.39	12.2%	-0.4%	22,800	0.82	N/M	71.4%	34.6%
Britam	7.50	3.3%	-4.1%	65,200	0.96	N/M	80.6%	58.1%
Jubilee	340.00	19.7%	-1.1%	500	0.75	6.48	101.3%	44.2%
Kenya Re	2.33	0.4%	0.4%	214,200	0.05	2.22	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	-7.3%	-	1.25	14.56	85.8%	35.5%
Liberty	7.02	-8.8%	-6.4%	8,200.00	0.45	5.36	119.6%	48.7%
<b>Sector Average</b>					<b>0.71</b>	<b>7.15</b>	<b>87.7%</b>	<b>38.3%</b>

\*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	15.15	-14.2%	-14.2%	86,000	2.18	0.32	6.95	9.3%
Home Afrika Ltd	1.17	-11.9%	-9.8%	124,700	N/M	N/M	N/M	2.6%
Trans-Century	1.17	-19.3%	-10.0%	-	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.32</b>		<b>5.5%</b>

\*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	8.38	2.7%	0.7%	3,000	27.93	3.3%	0.3	3.9%
<b>Sector Average</b>					<b>27.93</b>	<b>3.3%</b>		

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	162.25	5.2%	-4.0%	659,400	31.38	1.8%	5.17	46.6%
FTG Holdings	1.33	8.1%	-1.5%	5,300	5.12	0.0%	0.26	4.8%
Carbacid	13.00	7.4%	-0.4%	23,600	10.24	5.4%	1.27	10.0%
BAT	429.00	18.8%	-0.2%	2,300	7.77	10.5%	55.18	51.2%
<b>Sector Average</b>					<b>13.63</b>	<b>3.5%</b>		

\*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	40.20	17.4%	0.0%	6,007,400	23.51	3.4%	1.71	49.9%
<b>Sector Average</b>					<b>23.51</b>	<b>3.4%</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	6.98	25.5%	-1.1%	12,900	20.86	10.60%	0.82
<b>Sector Average</b>						<b>NA</b>	

\*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 44.50	KES 47.54	6.7%	KES 2.0	16.8%

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
Carbacid	Special dividend	Kes. 0.90	2-Nov-21	<b>26-Nov-21</b>	17-Dec-21
Carbacid	Final dividend	Kes. 0.70	2-Nov-21	<b>26-Nov-21</b>	17-Dec-21
KenGen	First & Final dividend	Kes. 0.30	1-Nov-21	<b>16-Dec-21</b>	10-Feb-22

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