



# Weekly Report

**Week 47**

Week Ending Friday, November 26, 2021

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## Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,899.34	-2.1%	14.8%
S&P 500	4,594.62	-2.3%	23.0%
NASDAQ 100	16,025.58	-3.3%	24.7%
DAX	15,257.04	-5.5%	11.2%
FTSE 100	7,044.03	-2.5%	9.0%
EURO STOXX 50	4,089.58	-6.0%	15.1%
Shanghai Composite	3,564.09	0.1%	2.6%
NIKKEI 225	28,751.62	-3.3%	4.8%
Commodities			
Brent Oil (USD/bbl.)	72.72	-8.3%	42.3%
Gold (USD/Oz)	1,802.59	-3.1%	-5.0%

Source: Bloomberg, NSE; \*As at 6:39 PM EAT

Most of the equity indices fell during the week. The FTSE 100 eased driven down by concerns over the new COVID-19 variant, Omicron. Oil (brent crude) declined weighed down by investor concerns on the US emergency oil reserve release with an aim to reduce energy prices in the US and by doing so lower inflationary pressures. Other countries such as China, Indian and Japan have announced similar moves.

## Equities Market

### Equity Market Commentary

The All Share Index (NASI) and the NSE 20 fell by 2.2% and 0.4% w-o-w to close the week at 164.77 and 1,886.35 respectively. Equity turnover surged by 138.7% to KES 6.0 billion while the volume traded rose significantly by 139.1% to 169.4 million. We attribute the dip in the all share index to a decline in Safaricom's price by 3.2% y/y to KES 38.00. All banks except for Absa and Coop registered price declines. Notable declines included; HF (-11.8% w/w to KES 4.32), KCB (-4.5% w/w to KES 43.85), I&M (-2.6% w/w to KES 20.90) and NCBA (-1.1% w/w to KES 23.50). We attribute the price decreases to profit taking activity. NCBA reported positive earnings (+160.0% y/y to KES 6.5 billion) for 3Q2021. DTB also registered growth in earnings (20.0% y/y to KES 4.8 billion). We opine that the new Covid-19 variant – Omicron - may raise investor concerns over government response in terms of the resumption of stringent measures. We may see the market fall further in the coming weeks.

### Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	164.77	168.43	(2.2%)	8.3%
NSE 20	1,886.35	1,893.65	(0.4%)	1.0%
NSE 25	3,688.11	3,732.47	(1.7%)	7.4%

Source: NSE

### Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,566.45	2,628.14	(2.4%)
Volume (Mn)	169.46	70.89	139.1%
Equity Turnover (KES Mn)	5,962.59	2,498.20	138.7%

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.	NBV	5.68	49.1%	32.7%
2.	Kakuzi	423.50	10.0%	14.3%
3.	EAPC	7.60	5.6%	(30.9%)
4.	KPLC	1.79	4.7%	4.7%
5.	Absa	10.95	4.3%	13.4%

	<b>Top Losers</b>	<b>Price (KES)</b>	<b>Weekly Change</b>	<b>YTD Change %</b>
1.	HF	4.32	(11.8%)	(11.0%)
2.	Liberty	6.80	(8.8%)	(34.5%)
3.	Uchumi	0.22	(8.3%)	(21.4%)
4.	Sameer	2.65	(7.0%)	(18.5%)
5.	NMG	18.85	(5.7%)	22.0%

	<b>Movers</b>	<b>Price (KES)</b>	<b>Turnover (KES Mn)</b>
1.	Safaricom	38.00	4,237.97
2.	Equity	51.50	627.59
3.	KCB	43.85	509.64
4.	EABL	154.00	183.51
5.	Absa	10.95	124.46

Source: NSE and Faida Investment Bank Analysis

## In the News

### MPESA App Advertising for Business

- Safaricom is set to upgrade the MPESA app platform to enable advertising by businesses.
- This follows an agreement by Vodacom Group (parent company) and China's Ant Group which runs Alipay a mobile and online payment platform
- Vodacom Group is in the process of implementing the Alipay app in South Africa and will see the advertising feature set up on the MPESA app in Kenya and Tanzania.
- According to Vodacom management, features developed in South Africa will be launched into international markets on a case by case basis based on future agreements with Alipay.

### Commentary

- This improves monetization on the app. However, it should be done in a such a way that it doesn't come at the expense of the user experience.

### Cooperative Bank receives KES 6.3 billion

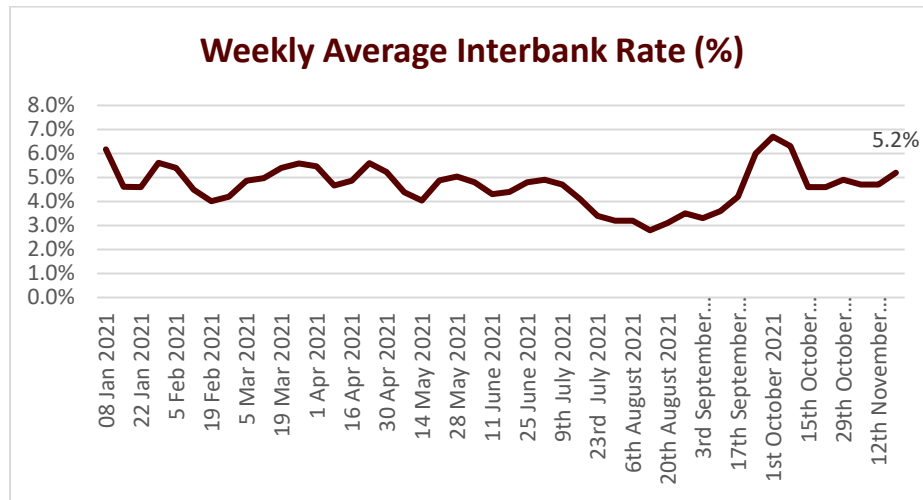
- Cooperative Bank has received KES 6.3 billion from European Investment Bank – the lending arm of the European Union
- The credit facility, which is repayable in 7 years, will be used for lending to small businesses hard hit by the COVID-19 pandemic.
- According to management, the loan facility will be available for up to a maximum of KES 1.5 million per customer
- The loan facilities are expected to be deployed towards funding the acquisition of tangible assets, working capital, development of distribution networks innovation and business research.

### Commentary

We expect the loan facility to support the MSME sector as COVID-19 restrictions ease and business

## 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	98.42%	4.0	7.181%	0.07%
182 day	10.0	2.5	25.20%	2.5	7.835%	0.09%
364 day	10.0	9.0	90.35%	9.0	8.944%	0.10%
Total	24.0	15.5	64.55%	15.5		

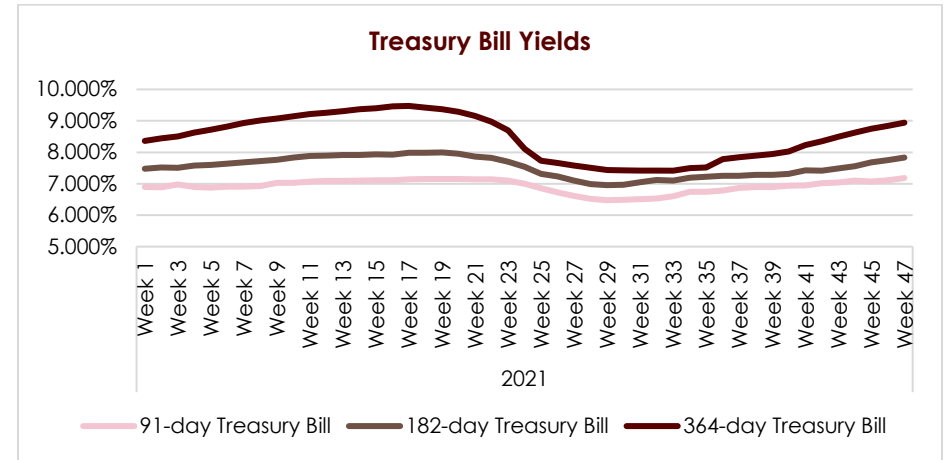
\*Change = Current Rate – Previous Rate; 1.0% = 100 bps  
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 64.55% compared to last week's 108.64%. The 91-day bill had

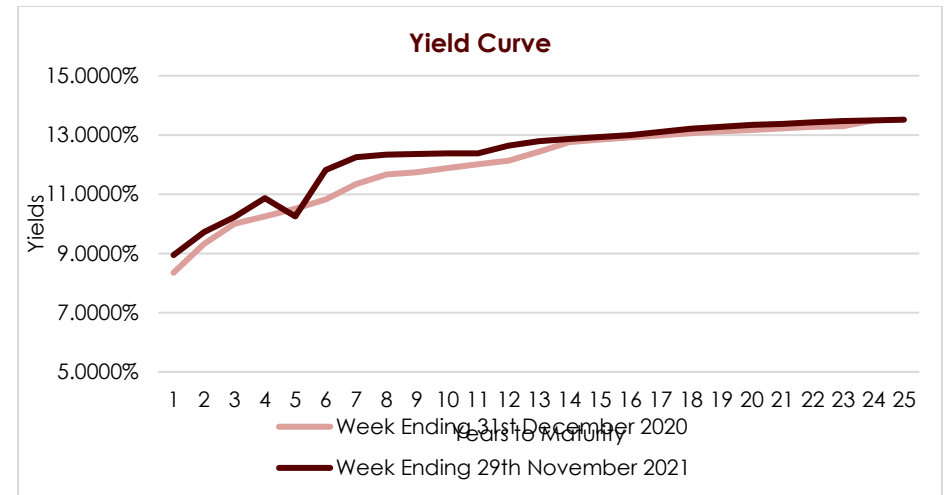
the highest subscription rate this week, at 98.42% while the 182 day bill had the lowest subscription at 25.20%.

### Treasury Bill Yields



Source: CBK

### Government Securities Yield Curve



Source: NSE

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## Macroeconomic Indicators

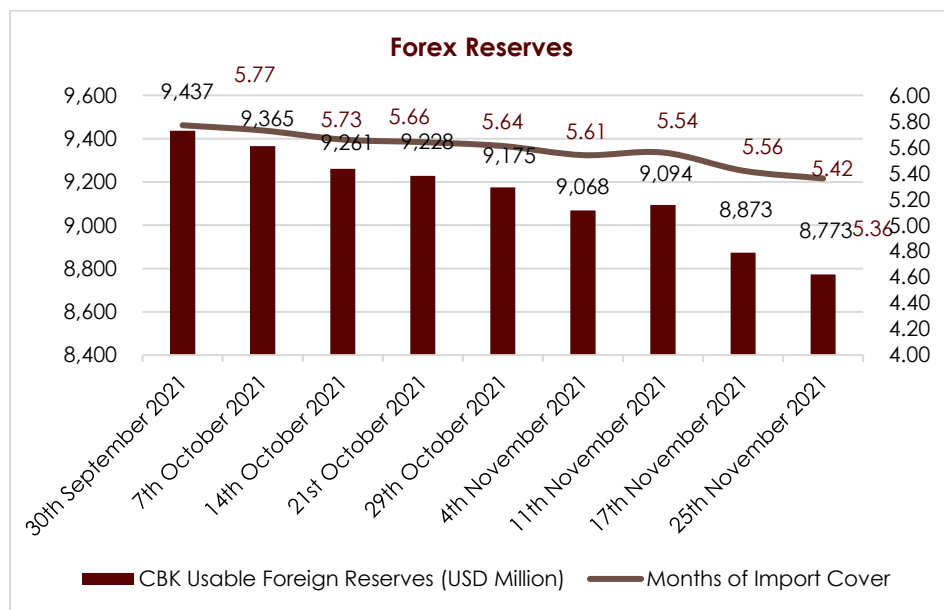
### Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	112.4441	(0.2%)	(3.0%)
STG Pound	149.8982	0.9%	(1.0%)
EURO	126.6618	0.4%	5.4%

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

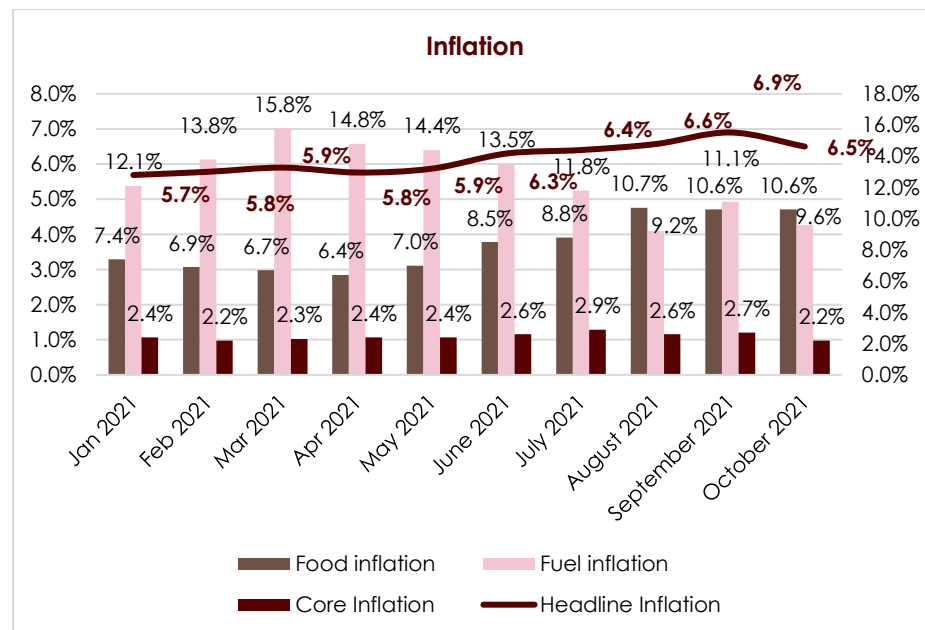
During the week, the Kenya Shilling depreciated against the US Dollar and appreciated against the STG Pound and the Euro.

### Forex Reserves



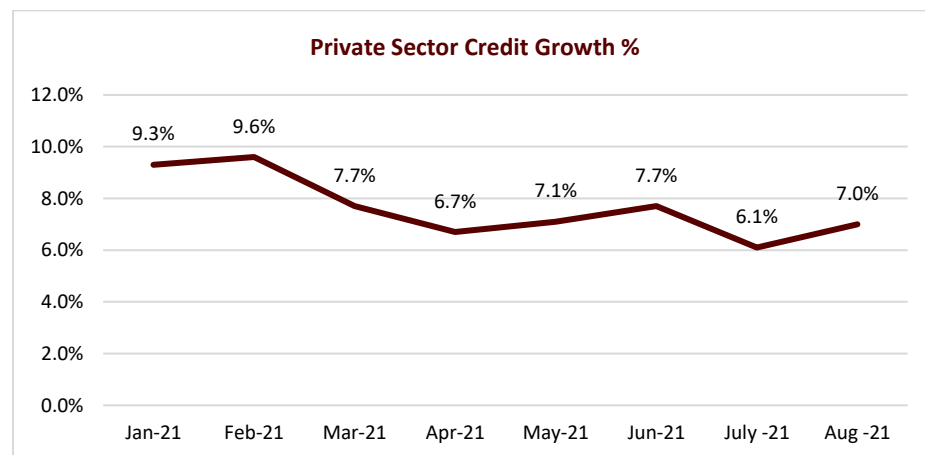
Source: CBK

## Inflation



Source: KNBS

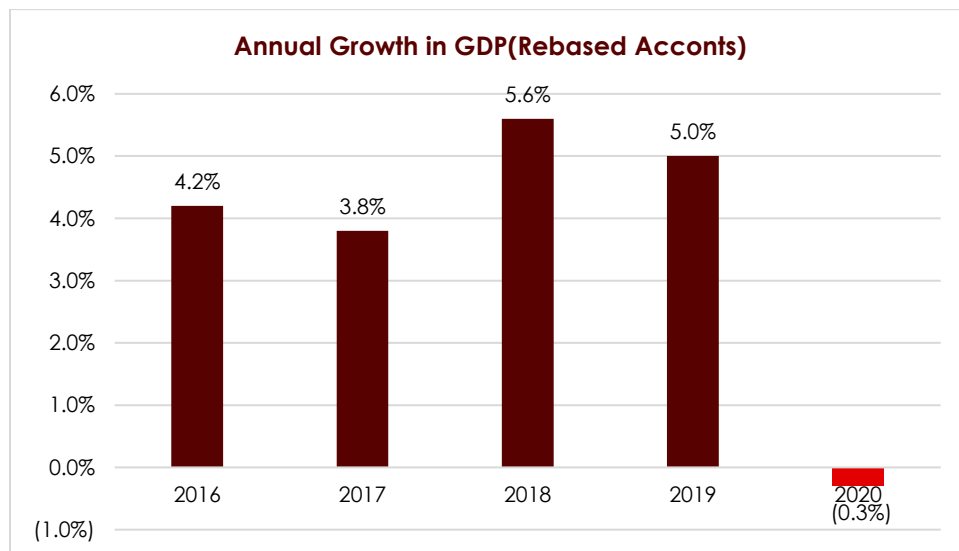
## Credit Growth



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	113	89
Total Value	4,458,370	3,923,390
Total Open Interest	865	867

Source: NSE

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## **Corporate Finance**

### **Asilimia raises \$2.0 Million in Funding**

Asilimia, a Kenyan fintech startup, has raised \$2.0 million in funding. The firm builds digital infrastructure to connect African micro, small and medium-sized enterprises (MSMEs) to the formal financial economy. The pre-seed funding round was raised from investors such as Fredrik Jung Abbou and Norrsken Impact Accelerator while the debt funding had participation from French Public Investment Bank (Bpifrance) and GreenTec Capital Partners. According to the firm, the funding will be used for expansion in Kenya and the rest of East Africa. Proceeds from the pre-seed round will be used to hire workers while those from the debt funding will be used to extend loans to MSMEs.



## 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	43.85	15.1%	-4.5%	11,520,900	44.3%	6.43	2.3%	1.07	15.4%
Equity Bank	51.50	40.9%	-1.0%	12,124,500	48.5%	11.07	0.0%	1.31	13.0%
NCBA	23.50	-12.1%	-1.1%	4,378,600	43.1%	2.70	7.4%	0.50	6.5%
Stanbic	91.00	7.1%	-0.8%	61,800	48.9%	10.27	4.2%	0.73	6.8%
Absa Bank Kenya Plc	10.95	13.4%	4.3%	11,603,900	44.6%	10.67	0.0%	1.14	11.7%
Housing Finance	4.32	30.1%	-11.8%	291,100	120.9%	<b>N/M</b>	0.0%	0.19	-3.8%
Co-operative Bank	12.35	-1.2%	0.4%	2,498,600	49.9%	9.84	8.1%	0.90	8.5%
Diamond Trust Bank	57.00	-24.0%	0.0%	451,600	38.2%	5.50	4.7%	0.24	4.6%
Standard Chartered	127.50	-11.6%	-1.0%	362,600	47.3%	12.14	8.2%	0.85	9.4%
I&M	20.90	-53.6%	-2.6%	366,800	48.1%	4.28	12.2%	0.29	6.5%
<b>Sector Average</b>					<b>53.4%</b>	<b>8.10</b>	<b>4.7%</b>	<b>0.72</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	18.85	22.0%	-5.7%	44,500	94.25	0.0%	0.2	1.7%
WPP Scangroup	4.24	-29.3%	-0.5%	384,000	3.79	11.8%	1.12	6.0%
Uchumi Supermarket	0.22	-21.4%	-8.3%	261,000	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	3.93	-19.5%	-1.3%	285,700	5.78	13.2%	0.68	17.3%
Eveready	0.88	-26.7%	-1.1%	34,100	<b>N/M</b>	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>34.61</b>	<b>5.0%</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	35.60	-5.9%	-1.1%	79,600	14.53	8.4%	3.2%	3.8%
E.A. Portland Cement	7.60	-30.9%	5.6%	300	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>14.53</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	4.40	-6.6%	-4.3%	2,800,800	1.58	6.8%	2.79	9.0%
Kenya Power	1.79	4.7%	4.7%	2,544,200	N/M	0.0%	N/M	N/M
Total Kenya	24.50	2.1%	0.4%	26,800	6.08	5.3%	4.03	10.8%
<b>Sector Average</b>					<b>3.83</b>	<b>3.4%</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	2.30	8.0%	0.0%	1,443,600	0.79	N/M	71.4%	34.6%
Britam	7.42	2.2%	2.5%	127,400	0.95	N/M	80.6%	58.1%
Jubilee	340.00	19.7%	3.7%	15,900	0.75	6.48	101.3%	44.2%
Kenya Re	2.36	1.7%	4.0%	330,300	0.05	2.25	67.7%	8.9%
Sanlam Kenya	11.00	-15.1%	-4.3%	12,000.00	1.20	13.92	85.8%	35.5%
Liberty	6.80	-11.7%	-8.8%	37,800.00	0.43	5.19	119.6%	48.7%
<b>Sector Average</b>					<b>0.69</b>	<b>6.96</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	14.95	-0.7%	-0.7%	494,800	2.15	0.32	6.95	9.3%
Home Afrika Ltd	1.23	-7.1%	-2.5%	112,500	N/M	N/M	N/M	2.6%
Trans-Century	1.23	-15.2%	4.2%	3,400.00	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	8.42	3.2%	1.2%	1,019,100	28.07	3.3%	0.3	3.9%
<b>Sector Average</b>					<b>28.07</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	154.00	-0.2%	-1.9%	1,183,500	29.79	1.9%	5.17	46.6%
FTG Holdings	1.35	9.8%	3.1%	40,800	5.19	0.0%	0.26	4.8%
Carbacid	12.90	6.6%	-0.8%	190,200	10.16	5.4%	1.27	10.0%
BAT	434.00	20.2%	1.8%	5,900	7.87	10.4%	55.18	51.2%
<b>Sector Average</b>					<b>13.25</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	38.00	10.9%	-3.2%	112,657,000	22.22	3.6%	1.71	49.9%
<b>Sector Average</b>					<b>22.22</b>	<b>3.6%</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	6.68	20.1%	-2.3%	42,200	20.86	11.08%	0.82
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

### Recommendations

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
Standard Chartered	Interim dividend	Kes.5.00	16-Nov-21	<b>7-Dec-21</b>	29-Dec-21
Standard Chartered	Interim dividend	Kes. 5.00	16-Nov-21	<b>7-Dec-21</b>	29-Dec-21
KCB	Interim dividend	Kes.1.00	19- Nov-21	<b>9-Dec-21</b>	14-Jan-22
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