



Weekly Report

Week 48

Week Ending Friday, December 03, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,679.15	14.1%	-0.6%
S&P 500	4,605.03	23.3%	0.2%
NASDAQ 100	15,948.18	24.1%	-0.5%
DAX	15,345.36	11.9%	0.6%
FTSE 100	7,166.51	10.9%	1.7%
EURO STOXX 50	4,127.72	16.2%	0.9%
Shanghai Composite	3,607.43	3.9%	1.2%
NIKKEI 225	28,029.57	2.1%	-2.5%
Commodities			
Brent Oil (USD/bbl.)	72.37	41.6%	-0.5%
Gold (USD/Oz)	1,771.29	-6.7%	-1.7%

Source: Bloomberg, NSE; *As at 6:00 PM EAT

Most of the equity indices edged up during the week. The S&P 500 rose buoyed by financial stocks (such as American Express) and Boeing. The FTSE 100 edged up driven by recovery in travel and commodity-linked stocks as concerns on the Omicron variant eased. Oil (brent crude) rose following the OPEC+ announcement that the group would retain its plan to gradually increase monthly oil production by 400,000 barrels per day – signaling confidence that the Omicron variant would not affect oil demand.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 declined by 2.9% and 2.5% w-o-w to close the week at 160.03 and 1,839.46 respectively. Equity turnover fell by 40.2% to KES 3.6 billion while the volume traded declined by 39.9% to 101.9 million. We attribute the dip in the all share index to a decline in Safaricom's price by 2.5% y/y to KES 46.60. Notable price declines in the week included; Equity (-9.5% w/w to KES 4.32), KCB (-6.2% w/w to KES 41.15), HF (-5.1% w/w to KES 4.10), Coop (-4.5% w/w to KES 11.80) and DTB (-3.1% w/w to KES 55.25). We attribute overall market decline to profit taking activity. We note that the government is yet to effect restrictive measures due to the Omicron COVID-19 variant. We opine that this should ease investor concerns.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	160.03	164.77	(2.9%)	5.2%
NSE 20	1,839.46	1,886.35	(2.5%)	(1.6%)
NSE 25	3,533.74	3,688.11	(3.7%)	3.5%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,492.52	2,566.45	(2.9%)
Volume (Mn)	101.92	169.46	(39.9%)
Equity Turnover (KES Mn)	3,566.38	5,962.59	(40.2%)

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Express Kenya	4.17	9.7%	15.5%
2.	Everready	0.96	9.1%	(20.0%)
3.	Transcentury	1.30	5.7%	(10.3%)
4.	Sasini	19.00	5.0%	(2.6%)
5.	Co-op	11.80	4.5%	(5.6%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Carbacid	11.05	(14.3%)	(8.7%)
2.	Equity	46.60	(9.5%)	(27.5%)
3.	EAPC	7.00	(7.9%)	(36.4%)
4.	Britam	6.94	(6.5%)	(4.4%)
5.	KCB	41.15	(6.2%)	8.0%

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	37.05	1,972.53
2.	Equity	46.60	664.72
3.	KCB	41.15	257.22
4.	Absa	11.05	142.87
5.	Stanbic	90.50	137.46

Source: NSE and Faida Investment Bank Analysis

In the News

Kenya Shilling eases to All-time Low

- The Kenya Shilling declined to an all-time low of KES 112.50 against the dollar this week on Thursday driven by increasing demand for the dollar particularly for imports as the economy recovers. The previous all-time low of 112.30 against the dollar was reached earlier in the week.

Commentary

- According to the Central Bank of Kenya (CBK), Kenya's total imports edged up by 27.7% y/y to KES 991.8 billion in 1H2021. In the short-term, we expect the depreciation of the shilling to continue as demand for dollar rises driven by an increase in imports following the easing of restrictions in the country and the recovery of the economy.
- We opine that the depreciation of the shilling against the dollar will negatively impact consumers as imported goods become more expensive.

Inflation eases to 5.8% in November 2021

- Kenya's annual headline inflation fell to 5.8% in November 2021 from 6.5% in October.
- The food and non-alcoholic drinks index rose by 0.9% m/m as some of the food items' price increases outweighed the decrease in others. Some of the key food price increases included sugar (+11.9% m/m), cooking oil (+5.7% m/m), cooking fat (+4.3% m/m) and Irish potatoes (3.3% m/m).
- The housing, water, electricity, gas and other fuels index grew by 0.5% m/m driven by an increase in the cost of cooking gas LPG (+3.9% m/m) and house rent (+0.5% m/m).
- Prices of electricity (50 kilowatts) and electricity (200 kilowatts) declined by 0.4% m/m and 0.3% m/m respectively.
- The transport index eased by 0.2% m/m. This was attributed to a decrease in bus fares of country public service vehicles.

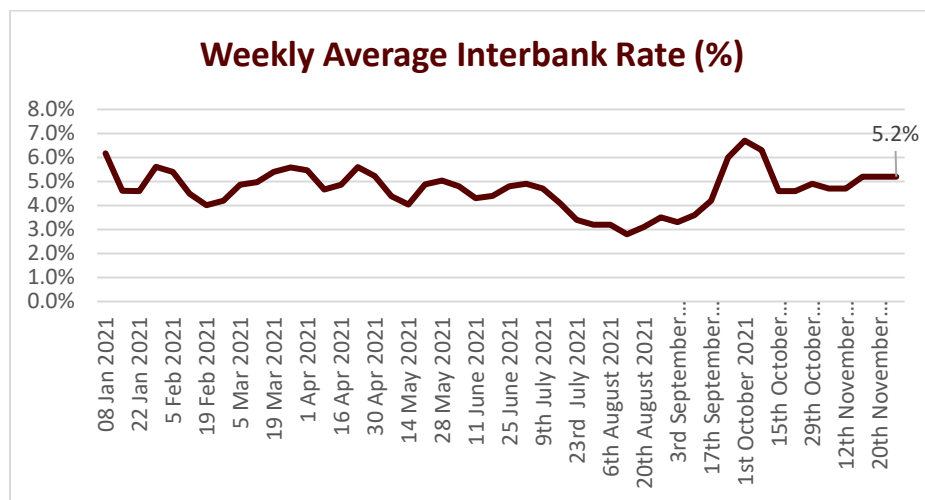
Commentary

- We note that the Kenya Shilling fell to an all-time low of KES 112.50 against the dollar on Thursday. We expect the depreciation of the shilling to raise the cost of imports such as oil and in turn raise inflationary pressures in the short-term.

- The Organization of the Petroleum Exporting Countries and allies (OPEC+) announced this week that the group will retain the plan to gradually increase crude oil output on a monthly basis even with the spread of the Omicron COVID variant. This signaled confidence that the effects of the variant will not be felt in the long term.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	8.7	217.30%	6.7	7.232%	0.05%
182 day	10.0	5.3	52.52%	5.3	7.854%	0.02%
364 day	10.0	8.9	88.99%	7.6	9.016%	0.07%
Total	24.0	22.8	95.18%	19.6		

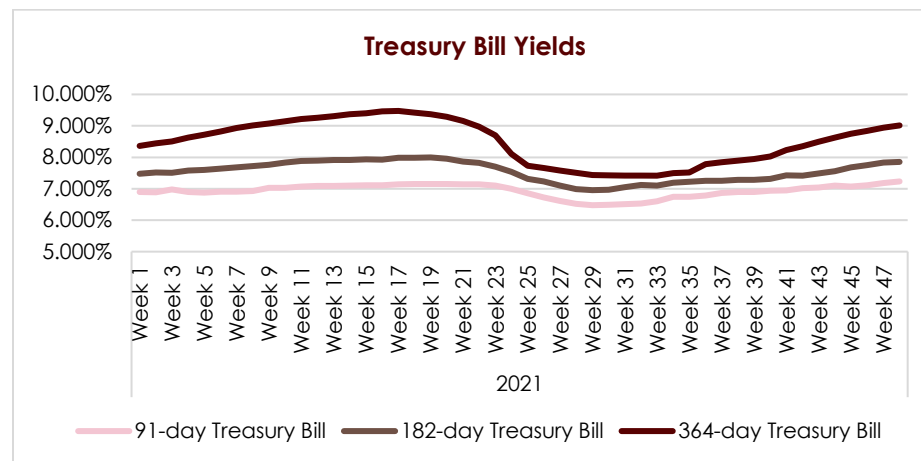
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was higher at 95.18% compared to last week's 64.55%. The 91-day bill had

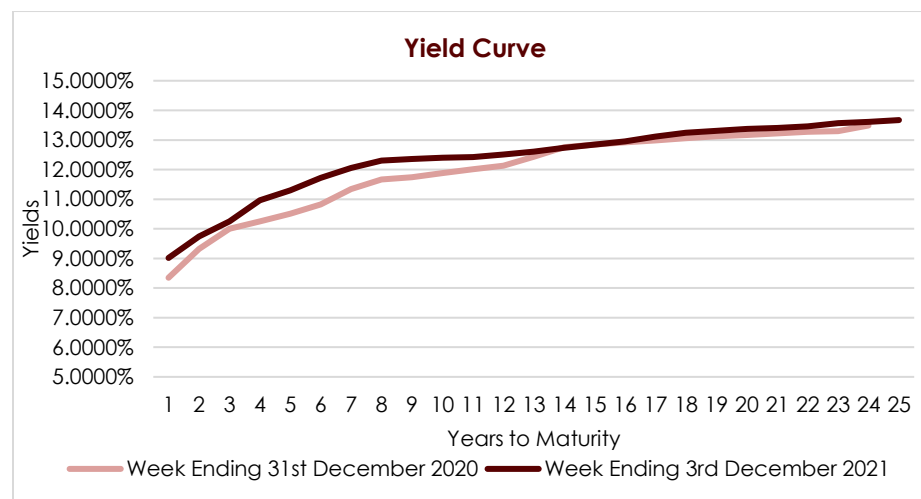
the highest subscription rate this week, at 217.30% while the 182 day bill had the lowest subscription at 52.52%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

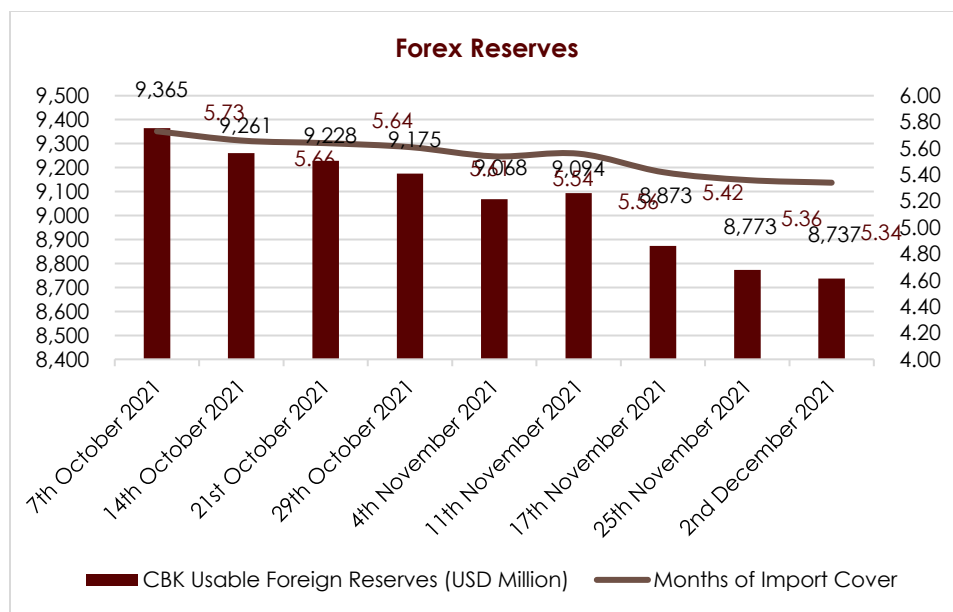
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	112.6265	(2.3%)	(3.2%)
STG Pound	149.9059	0.4%	(1.0%)
EURO	127.5385	4.2%	4.7%

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

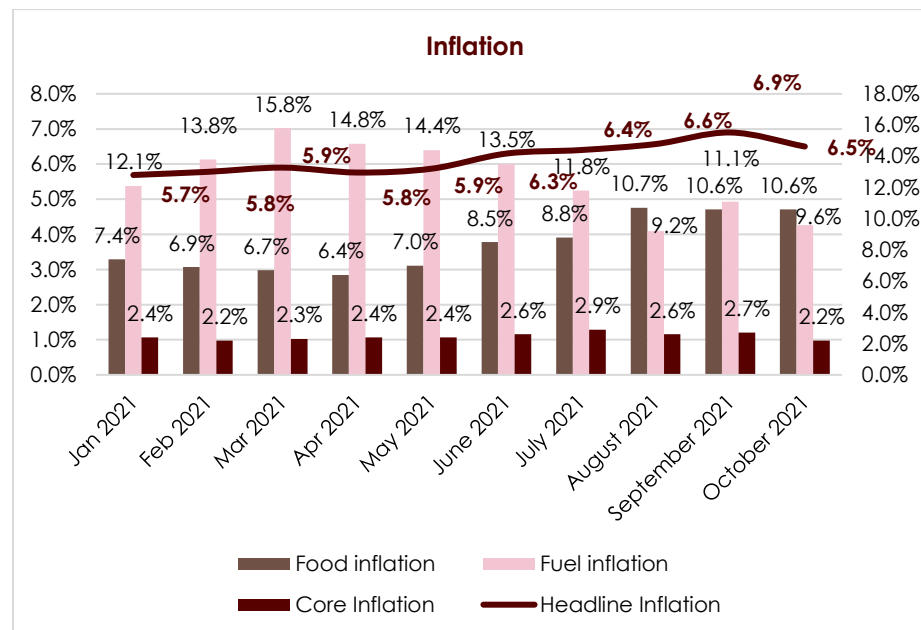
During the week, the Kenya Shilling depreciated against the US Dollar and appreciated against the STG Pound and the Euro.

Forex Reserves



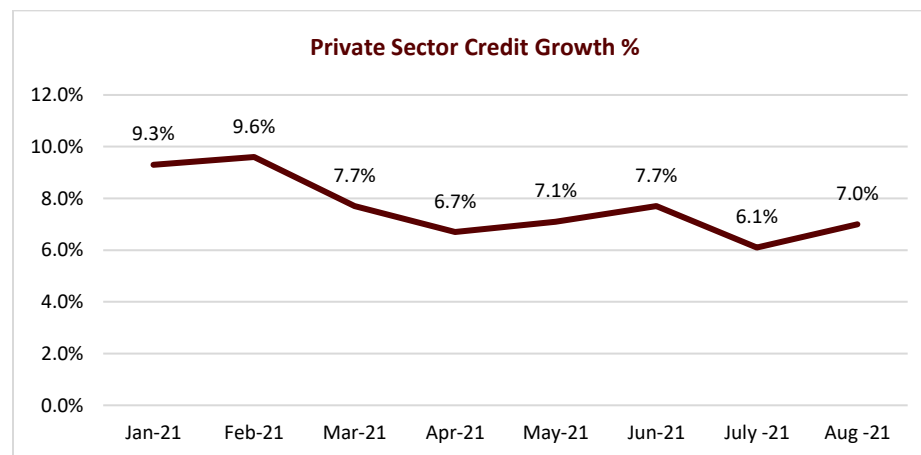
Source: CBK

Inflation



Source: KNBS

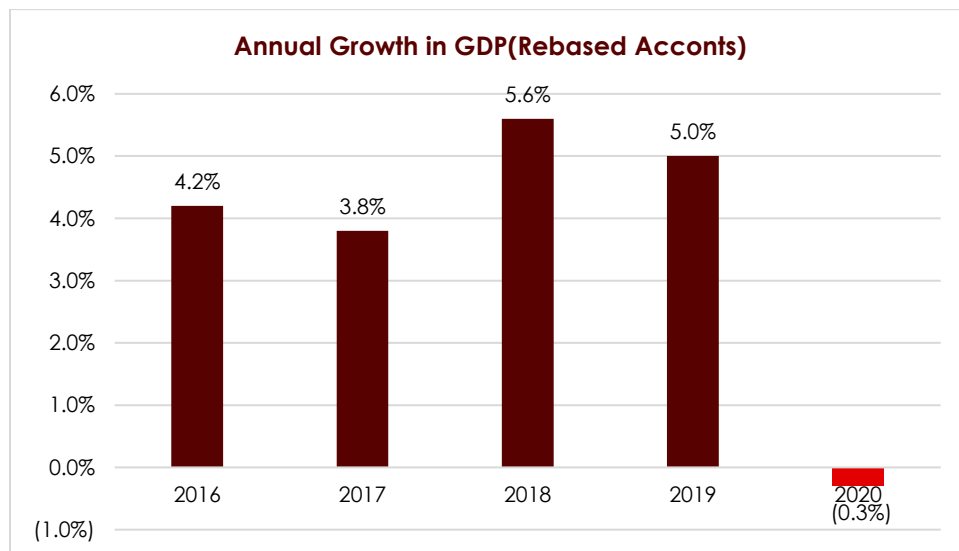
Credit Growth



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	88	113
Total Value	3,595,090	4,458,370
Total Open Interest	857	865

Source: NSE

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Corporate Finance

MYDAWA receives \$1.2 Million in Funding

MYDAWA, a Kenyan e-health startup, has received \$1.2 million in grant funding from the Bill & Melinda Gates Foundation. The firm was founded in 2017 and provides consumers with convenient purchase of authentic high-quality medicines and health and wellness products through partnerships with healthcare practitioners and suppliers. The funding will be used to expand access to Pre-Exposure Prophylaxis (PrEP) and support the fight against HIV/AIDS in Kenya.

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	41.15	8.0%	-6.2%	6,075,200	44.3%	6.03	2.4%	1.00	15.4%
Equity Bank	46.60	27.5%	-9.5%	13,940,000	48.5%	10.02	0.0%	1.19	13.0%
NCBA	24.00	-10.3%	2.1%	532,200	43.1%	2.76	7.3%	0.51	6.5%
Stanbic	90.50	6.5%	-0.5%	1,490,000	48.9%	10.22	4.2%	0.73	6.8%
Absa Bank Kenya Plc	11.05	14.4%	0.9%	12,751,900	44.6%	10.77	0.0%	1.15	11.7%
Housing Finance	4.10	23.5%	-5.1%	162,800	120.9%	N/M	0.0%	0.18	-3.8%
Co-operative Bank	11.80	-5.6%	-4.5%	965,800	49.9%	9.40	8.5%	0.86	8.5%
Diamond Trust Bank	55.25	-26.3%	-3.1%	92,900	38.2%	5.33	4.9%	0.24	4.6%
Standard Chartered	129.00	-10.6%	1.2%	295,800	47.3%	12.29	8.1%	0.86	9.4%
I&M	20.60	-54.2%	-1.4%	251,500	48.1%	4.22	12.4%	0.29	6.5%
Sector Average					53.4%	7.89	4.8%	0.70	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	18.35	18.8%	-2.7%	393,500	91.75	0.0%	0.2	1.7%
WPP Scangroup	4.07	-32.2%	-4.0%	271,500	3.63	12.3%	1.12	6.0%
Uchumi Supermarket	0.22	-21.4%	0.0%	75,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	3.90	-20.1%	-0.8%	184,800	5.74	13.3%	0.68	17.3%
Eveready	0.96	-20.0%	9.1%	53,600	N/M	0.0%	-1.45	-10.8%
Sector Average					33.71	5.1%		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	35.05	-7.4%	-1.5%	159,000	14.31	8.6%	3.2%	3.8%
E.A. Portland Cement	7.00	-36.4%	-7.9%	24,500	N/M	0.0%	0.0%	0.0%
Sector Average					14.31	4.3%	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	4.34	-7.9%	-1.4%	3,390,600	1.56	6.9%	2.79	9.0%
Kenya Power	1.74	1.8%	-2.8%	3,378,700	N/M	0.0%	N/M	N/M
Total Kenya	25.00	4.2%	2.0%	15,100	6.20	5.2%	4.03	10.8%
Sector Average					3.88	3.5%		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	2.16	1.4%	-6.1%	543,100	0.74	N/M	71.4%	34.6%
Britam	6.94	-4.4%	-6.5%	241,800	0.89	N/M	80.6%	58.1%
Jubilee	339.75	19.6%	-0.1%	12,200	0.75	6.47	101.3%	44.2%
Kenya Re	2.32	0.0%	-1.7%	1,155,300	0.05	2.21	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	4.5%	37,100.00	1.25	14.56	85.8%	35.5%
Liberty	6.98	-9.4%	2.6%	2,100.00	0.44	5.33	119.6%	48.7%
Sector Average					0.69	7.14	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	14.35	-4.0%	-4.0%	329,000	2.06	0.30	6.95	9.3%
Home Afrika Ltd	1.30	-4.8%	2.6%	339,300	N/M	N/M	N/M	2.6%
Trans-Century	1.30	-10.3%	5.7%	8,100.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.30		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	8.58	5.1%	1.9%	156,900	28.60	3.3%	0.3	3.9%
Sector Average					28.60	3.3%		

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	150.00	-2.8%	-2.6%	798,000	29.01	2.0%	5.17	46.6%
FTG Holdings	1.30	5.7%	-3.7%	67,000	5.00	0.0%	0.26	4.8%
Carbacid	11.05	-8.7%	-14.3%	77,100	8.70	6.3%	1.27	10.0%
BAT	427.00	18.3%	-1.6%	293,400	7.74	10.5%	55.18	51.2%
Sector Average					12.61	3.8%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	37.05	8.2%	-2.5%	52,116,500	21.67	3.7%	1.71	49.9%
Sector Average					21.67	3.7%		

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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%	0.0%	26,500	20.86	11.08%	0.82
Sector Average							

*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	26-Nov-21	17-Dec-21
Carbacid	Final dividend	Kes. 0.70	2-Nov-21	26-Nov-21	17-Dec-21
Standard Chartered	Interim dividend	Kes.5.00	16-Nov-21	7-Dec-21	29-Dec-21
KCB	Interim dividend	Kes.1.00	19- Nov-21	9-Dec-21	14-Jan-22
KenGen	First & Final dividend	Kes. 0.30	1-Nov-21	16-Dec-21	10-Feb-22
NSE	Special dividend	Kes. 0.50	26-Nov-21	17-Dec-21	31-Dec-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