

## Global Markets

Index	Last Price *	Weekly Change %	YTD%
DJI	30,078.46	0.6%	5.4%
S&P 500	3,685.25	1.3%	14.1%
NASDAQ-100	12,501.95	2.0%	43.2%
DAX	13,284.24	(0.4%)	0.3%
FTSE 100	6,548.32	2.8%	(13.2%)
Euro Stoxx 50	3,530.58	0.1%	(5.7%)
Shanghai Composite	3,444.58	1.1%	12.9%
NIKKEI 225	26,751.24	0.4%	13.1%
NSEASI	148.12	3.4%	(11.0%)
NSE 20 Share	1,786.42	1.6%	(32.7%)
NSE 25 Share	3,312.97	2.2%	(19.2%)
Commodities			
BRENT Oil (USD/bbl.)	49.26	2.2%	(25.4%)
GOLD SPOT (USD/Oz)	1,840.83	3.0%	20.9%

Source: Bloomberg, NSE; \*As at 6.03PM EAT

Most of the global equity indices maintained the upward momentum on vaccine optimism and stimulus hopes. The FTSE 100 was a notable gainer after the UK approved the Pfizer/BioNTech COVID-19 vaccine for mass rollout. The US indices may close lower on news of lower than expected November jobs numbers. According to the Bureau of Labor Statistics, the US economy added 245,000 jobs (nonfarm payroll employment) lower than the consensus estimate of 440,000 jobs. The lower growth comes amid new restrictions in some states following a surge in infections. Economic recovery could be derailed further by the US Treasury's decision not to extend some relief measures which are set to expire by the end of the year.

## Equities Market

### Market Commentary

The All Share Index and NSE 20 Index gained by 3.4% and 1.6% w-o-w to close the week at 148.12 and 1,786.42. Market turnover increased by 128.6% to KES 5.3 billion while the volume of shares traded increased by 122.6% to 164.8 million shares. The week's gain on the indices and activity was predominantly driven by foreign investors (net buyers with a participation rate: 66.8%). Safaricom reached a YTD high of KES 33.50 (+5.0% w-o-w) on foreign investor demand.

During the week, the NSE lifted the suspension in trading on Nairobi Business Ventures (NBV) following the conclusion of the company's restructuring exercise. This saw the share price increase by 505.6% to close the week at KES 4.30. In the coming week, we expect some profit taking activity on Safaricom and NBV. We also expect activity to remain relatively high.

	Previous Week	This Week	Weekly Change
Market Capitalization (KES Bn)	2,200	2,275	3.4%
Number of Shares Traded (M)	73.9	164.8	122.8%
Equity Turnover Mn (KES)	2,328	5,324	128.6%
Foreign Buys (%)	54.6%	72.5%	
Foreign Sells (%)	68.9%	61.6%	
Foreign Participation (%)	61.7%	66.8%	

## Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
KenGen	Long Term Buy	4.83	4.8%	(15.6%)
Kenya RE	Hold	2.16	1.9%	(28.7%)

## Equities Performance

Top Losers	Price (KES)	Weekly Change	YTD Change %	Volume Traded
Express Kenya	2.58	(14.0%)	(62.3%)	31,400
Crown Paints	36.95	(7.6%)	(40.9%)	9,400
EA Cables	1.30	(7.1%)	(48.0%)	164,800
TPS E Africa	13.95	(6.7%)	(20.5%)	4,100
BAT Kenya	63.50	(6.3%)	(9.5%)	900

Top Gainers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
NBV	4.30	505.6%	514.3%	779,500
Olympia	2.32	14.9%	15.4%	1,900
Carbacid	11.95	10.6%	49.4%	775,200
Everready EA	1.11	9.9%	0.9%	27,900
BAT Kenya	400.00	7.5%	(20.0%)	28,300

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### Corporate Finance

#### Kasha raises \$3.0 million Series A Funding

Kasha, a Rwandan e-commerce platform aimed at improving women's access to hygiene, health and self-care products, has acquired \$1.0 million from Swedish development fund, Swedfund. This boosts the size of the start-up's Series A round to \$3.0 million, having already received funding from Finnfund and the United States International Development Finance Corporation. The start-up was launched in 2016 and expanded to Kenya in 2019. The funding will enable Kasha to accelerate its growth across Kenya and Rwanda, improve the platform, and support its expansion into other countries within Africa. We note that in the COVID-19 environment, there has been increased need for such digital services. We opine that the funding will enable the startup to scale up the business, which mostly targets low and middle-income women.

### Fixed Income Market

#### Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield (%)	Change * (bps)
<b>91 day</b>	4.0	2.97	74.28%	2.48	6.861%	13.1
<b>182 day</b>	10.0	2.69	26.87%	2.69	7.333%	14.0
<b>364 day</b>	10.0	5.26	52.59%	4.73	8.204%	5.3
<b>Total</b>	24.0	10.92	45.49%	9.89		

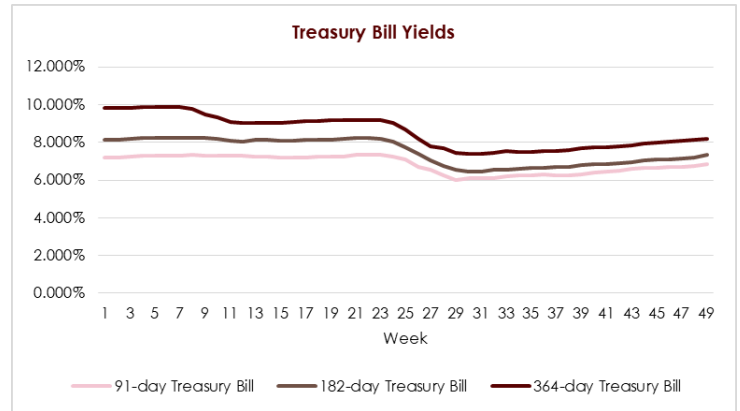
Source: CBK

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

Treasury bills were undersubscribed during the week's auction – the total subscription rate was 45.49%, down from last week's 64.28%. This could be attributed to the lower liquidity in the market as evidenced by the higher interbank rate.

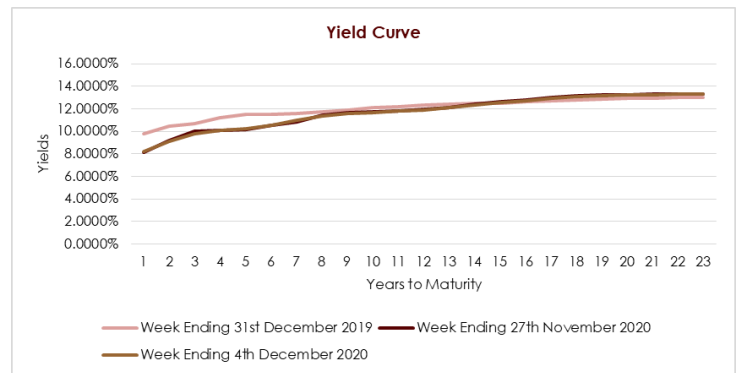
The 91 day paper had the highest subscription rate this week as well, at 74.28%, followed by the 364 day paper whose subscription rate was 52.59%. Yields on all Treasury bills sustained their upward trend during the week.

#### Treasury Bill Yields



Source: CBK

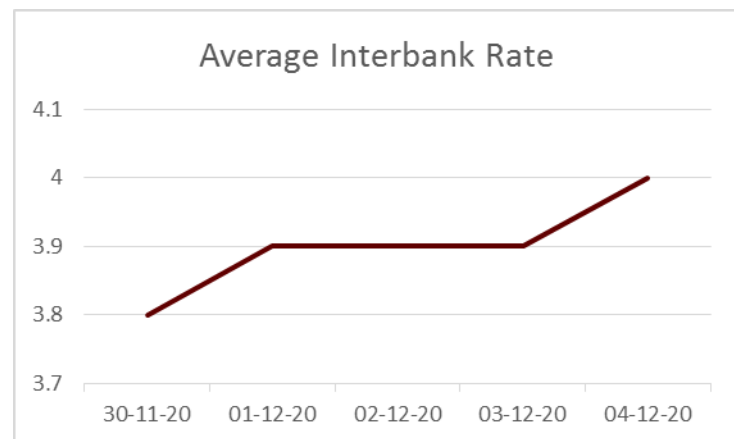
#### Government Securities Yield Curve



Source: NSE

#### Interbank Rate

The average interbank rate rose during the week from 3.8% to 4.0% indicating relatively lower liquidity.



Source: CBK

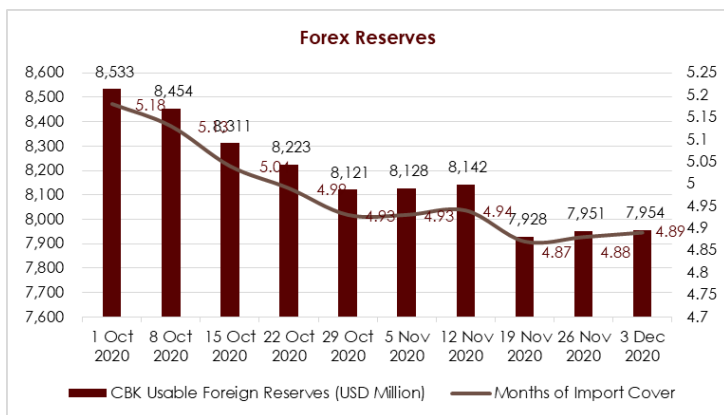
## Macroeconomic Indicators

### Exchange Rates

	Value	Weekly Change %	YTD Change %
<b>US Dollar</b>	<b>111.0618</b>	<b>(1.0%)</b>	<b>(9.6%)</b>
<b>STG Pound</b>	<b>148.7424</b>	<b>(1.3%)</b>	<b>(11.9%)</b>
<b>EURO</b>	<b>134.4438</b>	<b>(2.7%)</b>	<b>(18.6%)</b>

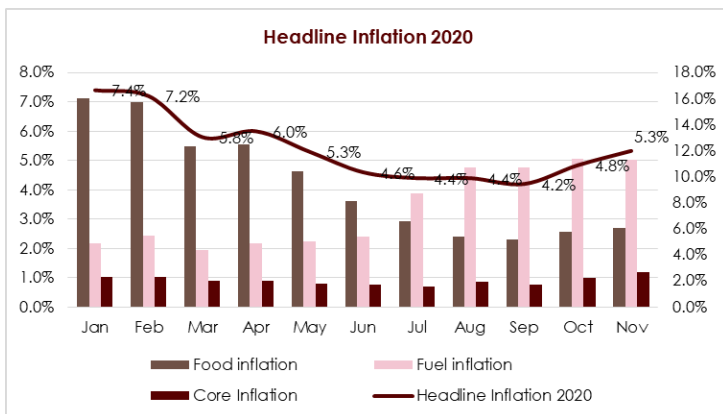
Source: CBK; Negative ( ) = Depreciation, Positive = Appreciation

### Forex Reserves



Source: CBK

### Inflation



Source: KNBS

### Inflation increases to 5.3% in November 2020

Kenya's annual headline inflation rose to 5.3 % in November 2020 from 4.8% in October.

The food and non-alcoholic drinks index rose by 1.5m/m as some of the food items' price increases outweighed the decrease in others. Some of the key food price increases

included beef with bones (+1.0% m/m), wheat flour-white (+0.7 % m/m), tomatoes (+0.7 % m/m), spinach (+0.6 % m/m) and kale (+0.6 % m/m).

The housing, water, electricity, gas and other fuels index grew by 0.1 % m/m owing to an increase in the cost of some cooking fuels notably gas (+0.7% m/m), charcoal (+9.5% m/m) and firewood and household utilities. There was however a notable decline in the cost of kerosene (-21.4% m/m) and electricity (-0.2% m/m).

The transport index eased by 0.2% m/m due to a decrease in the pump prices of diesel and petrol (-4.3% m/m).

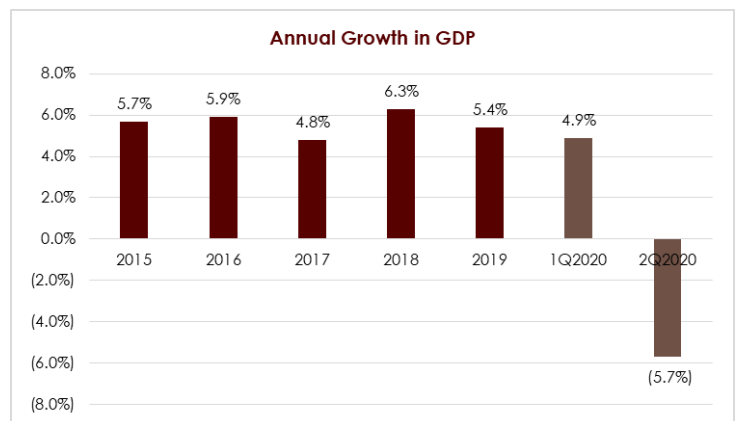
### Commentary

We expect upward inflationary pressure to persist on account of higher imported inflation (partly due to a depreciating Kenya shilling) and higher demand driven inflation.

However, we expect the rate to remain within the Central Bank of Kenya (CBK)'s target range (5.0%+-2.5%) in the near term.

As such and given that the economy remains vulnerable, we do not expect the CBK to raise the Central Bank Rate (CBR) in the near term. The CBK will likely employ other tools to mop up excess liquidity in the market.

### Gross Domestic Product (GDP)



Source: KNBS

### Labour Statistics

Indicator	2Q2019	1Q2020	2Q2020
<b>Unemployment Rate</b>	<b>4.7%</b>	<b>5.2%</b>	<b>10.4%</b>
<b>Labour Force Participation Rate</b>	<b>69.7%</b>	<b>69.7%</b>	<b>64.4%</b>

Source: KNBS

## Equity 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	36.70	-32.0%	-1.2%	23,054,400	45.9%	4.56	9.5%	0.88	20.7%
Equity Bank	35.05	-34.5%	1.9%	28,320,500	51.5%	5.86	0.0%	1.18	21.8%
NCBA	22.90	-37.9%	-0.2%	117,500	41.9%	2.64	0.0%	0.51	15.3%
Stanbic	79.25	-27.5%	0.3%	93,300	56.2%	4.91	8.9%	0.64	13.6%
Absa Bank									
Kenya Plc	9.76	-26.9%	2.3%	2,065,900	51.2%	7.11	11.3%	1.17	16.7%
Housing Finance	3.34	-48.3%	2.8%	151,000	93.8%	N/M	0.0%	0.11	-1.1%
Co-operative Bank	11.60	-29.1%	0.0%	449,000	52.1%	4.76	8.6%	0.86	19.2%
Diamond Trust Bank	63.50	-41.7%	3.3%	56,200	48.6%	2.62	4.3%	0.30	12.1%
Standard Chartered	149.50	-26.2%	-0.2%	34,400	55.6%	6.23	5.0%	1.08	17.5%
I&M	46.00	-14.8%	1.2%	277,300	39.0%	1.77	5.5%	0.33	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.49</b>	<b>5.3%</b>	<b>0.71</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	15.10	-62.1%	-2.3%	66,400	3.36	9.9%	4.5	10.9%
WPP Scangroup Uchumi	6.38	-62.9%	6.3%	193,700	5.70	7.8%	1.12	6.0%
Supermarket Longhorn	0.30	3.4%	3.4%	234,000	N/M	0.0%	-4.6	N/M
Publishers	4.49	-33.6%	-0.2%	16,700	6.60	11.6%	0.68	17.3%
Eveready	1.11	0.9%	9.9%	27,900	N/M	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.22</b>	<b>5.9%</b>		<b>5.8%</b>

\*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	29.95	-62.6%	7.0%	128,500	12.22	0.0%	1.6%	2.1%
E.A. Portland Cement	11.55	-20.3%	-3.8%	5,100	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>12.22</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</b>

\*NPM - Net Profit Margin

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Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	4.83	-15.6%	4.8%	2,004,200	4.03	8.3%	1.20	4.2%
Kenya Power	1.34	-52.3%	-1.5%	5,140,300	10.31	0.0%	0.13	0.4%
Total Kenya	23.05	-16.2%	0.2%	125,300	5.72	5.6%	4.03	10.8%
<b>Sector Average</b>					<b>6.68</b>	<b>4.1%</b>		<b>2.3%</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	2.12	-20.9%	2.9%	184,800	0.27	17.67	69.8%	34.4%
Britam	7.20	-20.0%	0.0%	77,400	0.25	5.11	65.3%	37.2%
Jubilee	270.00	-23.1%	-3.6%	21,900	9.62	5.14	91.9%	46.2%
Kenya Re	2.16	-28.7%	1.9%	309,500	0.08	0.85	71.2%	13.1%
Sanlam Kenya	11.00	-36.0%	0.0%	-	7.64	13.92	85.8%	35.5%
Liberty	7.10	-31.4%	-5.3%	12,700.00	0.88	5.42	119.6%	48.7%
<b>Sector Average</b>					<b>3.12</b>	<b>8.02</b>	<b>83.9%</b>	<b>35.8%</b>

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	16.30	-4.1%	-4.1%	155,100	2.35	0.34	6.95	9.3%
Home Afrika Ltd	1.33	-31.7%	5.1%	230,900	N/M	N/M	N/M	2.6%
Trans-Century	1.33	-46.8%	4.7%	4,400.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.34</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	8.14	-34.1%	1.8%	612,900	27.13	3.4%	0.3	3.9%
<b>Sector Average</b>					<b>27.13</b>	<b>3.4%</b>		

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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	154.75	-22.0%	0.7%	1,114,500	29.93	1.9%	5.17	46.6%
FTG Holdings	1.24	-49.8%	-5.3%	27,700	4.77	0.0%	0.26	4.8%
Carbacid	11.95	49.4%	10.6%	775,200	9.41	5.9%	1.27	10.0%
BAT	400.00	-20.0%	7.5%	28,300	10.30	8.4%	38.85	40.8%
<b>Sector Average</b>					<b>13.60</b>	<b>3.2%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	33.50	6.3%	5.0%	95,805,900	18.01	4.2%	1.86	51.8%
<b>Sector Average</b>					<b>18.01</b>	<b>4.2%</b>		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.42	-42.5%	0.4%	60,600	20.80	13.84%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

## Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	12-Jun-20	Subject to Approval
Kapchorua Tea Kenya	Final dividend	Kes. 10.00	17-Jul-20	30-Jul-20	Subject to Approval
Williamson Tea Kenya	Final dividend	Kes. 20.00	17-Jul-20	18-Aug-20	Subject to Approval
Kengen Plc	Final dividend	Kes. 0.25	01-Sep-20	22-Oct-20	17-Dec-20
Carbacid Investments PLCS	Final dividend	Kes. 0.70	23-Nov-20	09-Jan-21	29-Jan-21

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