



Weekly Report

Week 49

Week Ending Friday, December 10, 2021

CONTACTS:

Email: research@fib.co.ke

Website: www.fib.co.ke

HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O. Box 45236-00100
Nairobi

Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,819.33	3.3%	17.9%
S&P 500	4,690.06	1.8%	25.6%
NASDAQ 100	16,255.37	1.9%	26.5%
DAX	15,623.31	1.8%	13.9%
FTSE 100	7,291.78	1.7%	12.9%
EURO STOXX 50	4,199.16	1.7%	18.2%
Shanghai Composite	3,666.35	1.6%	5.6%
NIKKEI 225	28,437.77	1.5%	3.6%
Commodities			
Brent Oil (USD/bbl.)	74.74	3.3%	46.2%
Gold (USD/Oz)	1,784.21	0.7%	-6.0%

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

The equity indices rose during the week. The S&P 500 edged up buoyed by positive news from Pfizer and BioTech that a booster dose of the COVID vaccine would be effective against the Omicron variant. Oil (brent crude) rose as investor concern on the Omicron variant eased – the variant is no longer expected to slow global economic growth.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 edged up by 1.7% and 0.9% w-o-w to close the week at 162.77 and 1,856.44 respectively. Equity turnover rose by 10.8% to KES 4.0 billion while the volume traded grew by 4.3% to 106.3 million. Notable price gains in the week included; KCB (5.1% w/w to KES 43.25), KenGen (3.5% w/w to KES 4.49), Co-op (3.4% w/w to KES 12.20) and NMG (3.0% w/w to KES 18.90). Safaricom's price rose by 2.0% w/w to KES 37.80. We note that globally concerns over the Omicron variant are easing. Locally, concerns remain on the depreciating Kenya Shilling. We expect investor focus on the same in the coming week.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	162.77	160.03	1.7%	7.0%
NSE 20	1,856.44	1,839.46	0.9%	(0.6%)
NSE 25	3,594.17	3,533.74	1.7%	5.2%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,535.19	2,492.52	1.7%
Volume (Mn)	106.3	101.92	4.3%
Equity Turnover (KES Mn)	3,951.32	3,566.38	10.8%

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Kapchorua Tea	90.00	9.8%	15.4%
2.	Sasini	20.60	8.4%	5.6%
3.	Everready	1.02	6.3%	(15.0%)
4.	KCB	43.25	5.1%	13.5%
5.	Uchumi	0.23	4.5%	(17.9%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Umeme	6.30	(8.7%)	(13.5%)
2.	EAPC	6.48	(7.4%)	(41.1%)
3.	HF	3.97	(3.2%)	19.6%
4.	Car & General	34.00	(2.9%)	54.5%
5.	Williamson Tea	126.00	(2.5%)	(3.3%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	37.80	1,757.41
2.	KCB	43.25	1,198.59
3.	Equity	47.50	554.13
4.	Eabl	149.00	210.74
5.	NCBA	24.05	111.63

Source: NSE and Faida Investment Bank Analysis

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In the News

StanChart Partners with Firms on Co-shared Space Banking

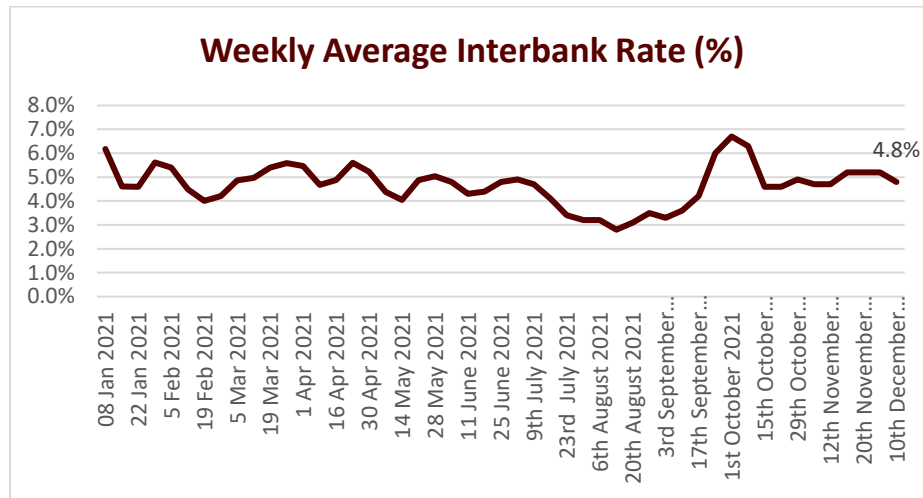
- Standard Chartered bank has started partnering with firms to host its branches with an aim to grow its physical presence while lowering costs
- The bank has partnered with Artcaffe owing to its considerable presence in the country (50 outlets) and has opened 3 new branches in the restaurant's Nairobi, Isiolo and Nanyuki outlets
- StanChart is set to include more firms in the space co-sharing model.
- According to the bank, customers prefer a non-traditional approach to banking – preferring to take their coffee or food while carrying out the transactions
- Services offered include sales and advisory services, self-service support such as ATMs, electronic cheque and cash deposits

Commentary

- We note that the bank has been focused on reducing branch network in the recent past as part of its digitization plan
- We opine that the partnerships will see the bank's services be more accessible to its customers while leveraging technology to enhance cost optimization

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	5.1	126.85%	5.1	7.280%	0.05%
182 day	10.0	5.5	55.17%	1.7	7.984%	0.01%
364 day	10.0	5.2	51.66%	5.2	9.091%	0.08%
Total	24.0	15.8	65.65%	11.9		

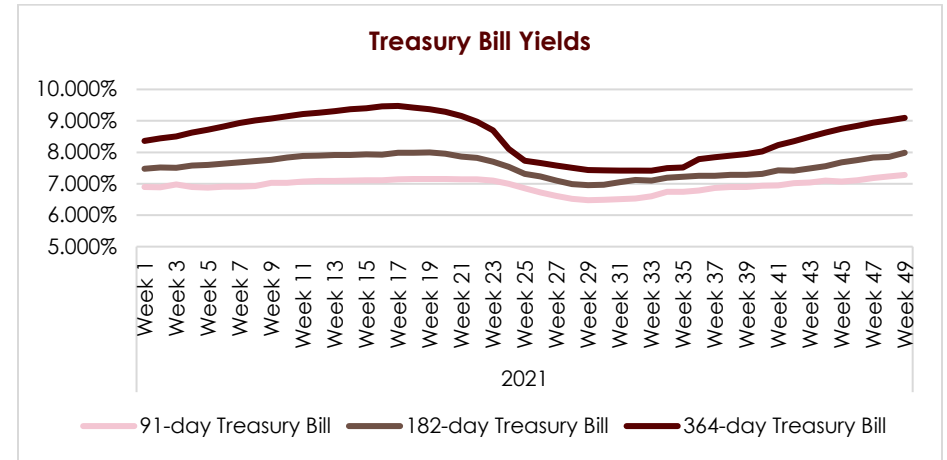
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 65.65% compared to last week's 95.18%. The 91-day bill had

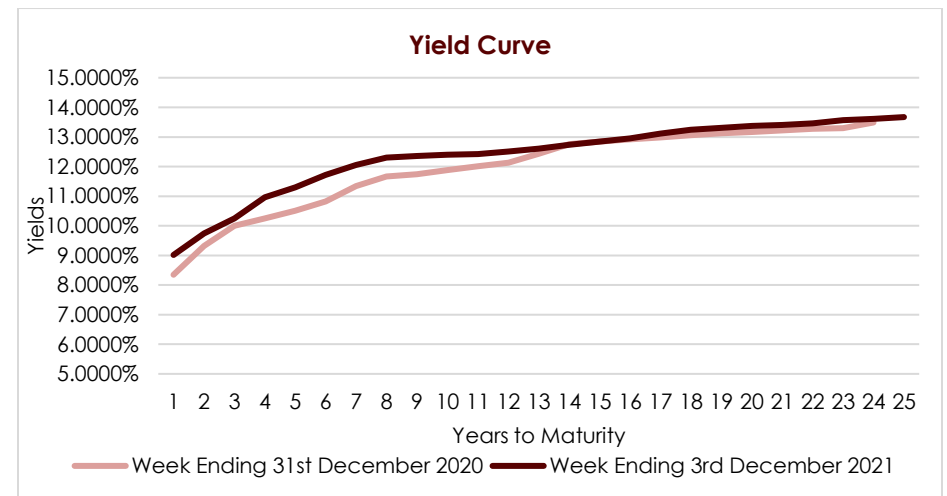
the highest subscription rate this week, at 126.85% while the 364 day bill had the lowest subscription at 51.66%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

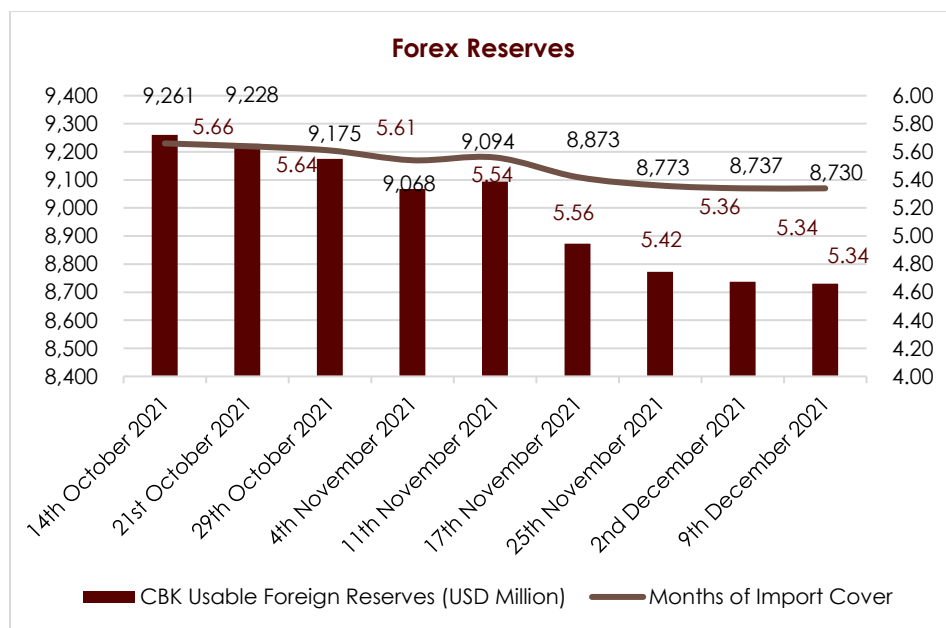
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	112.8876	(0.2%)	(3.4%)
STG Pound	149.0318	0.6%	(0.5%)
EURO	127.6956	(0.1%)	4.6%

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

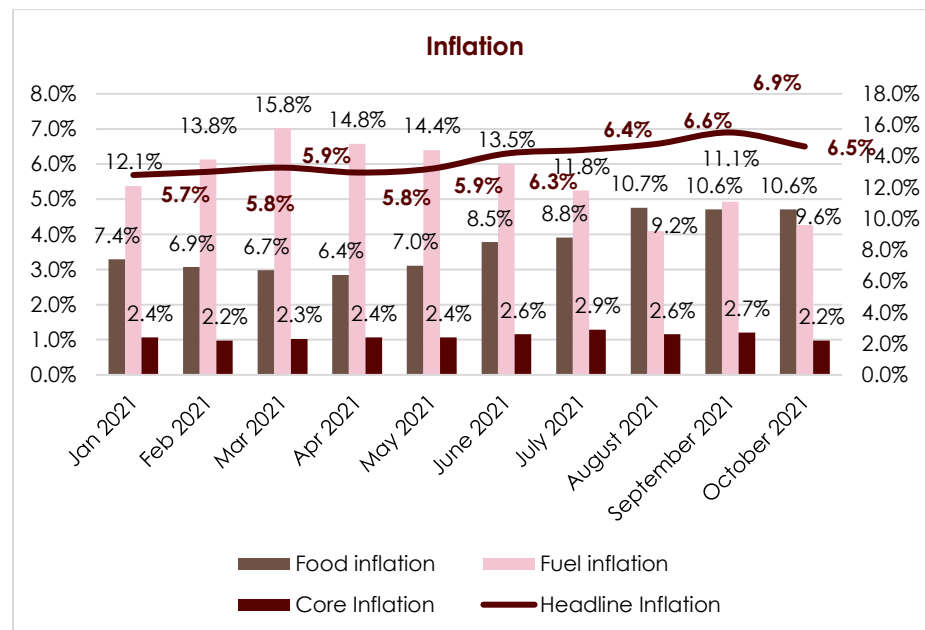
During the week, the Kenya Shilling depreciated against the US Dollar and the Euro and appreciated against the STG Pound.

Forex Reserves



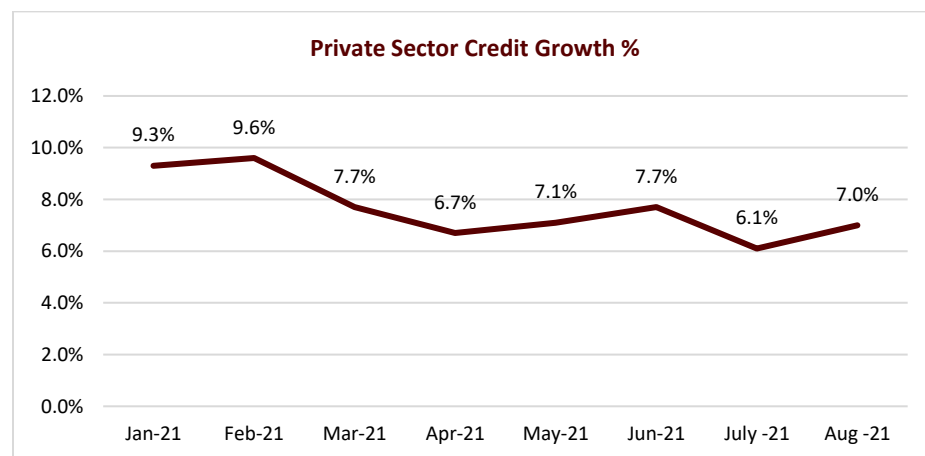
Source: CBK

Inflation



Source: KNBS

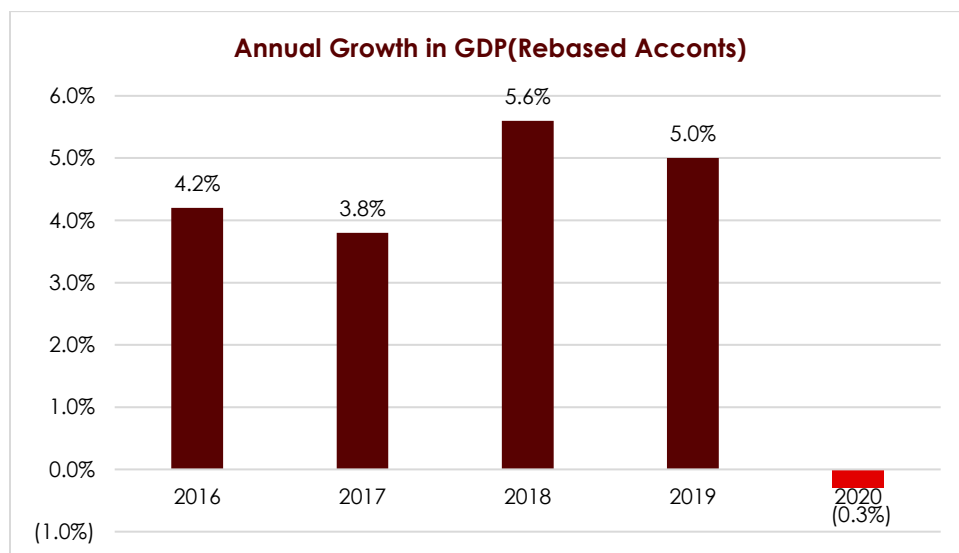
Credit Growth



Source: CBK

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Gross Domestic Product (GDP)



Source: KNBS

Kenya's Real GDP declined in 1Q2021 to 0.7% (1Q2020: 4.4%) and grew by 10.1% in 2Q2021 (contraction of 4.7% in 2Q2020). According to the KNBS, the performance in the second quarter was buoyed by rebounds in most economic activities following the easing of COVID-19 restrictions. The Agriculture, Forestry and Fishing sector saw a decline in activities in both the first and second quarters, contracting by 0.9% (2Q2020: growth of 4.9%). This was cushioned from a greater decline by a notable increase in milk production, horticultural exports and production of sugarcane. Growth in the manufacturing sector (+9.6%) was supported by growth in manufacture of food products (dairy, bakery, tobacco) and non-food products (motor vehicles, galvanized iron sheets, paper and paper products). Slower growth was noted in the construction sector (+6.5%) compared to 8.2% in 2Q2020. Accommodation and food services rebounded gradually (+9.1%) in 2Q2021 from a significant contraction (-56.8%) in 2Q2020 as the sector was hardest hit by the COVID-19 pandemic, with number of visitor arrivals falling by 99.0%. The financial and insurance sector grew by 9.9% (2Q2020: 4.4%). Electricity and water supply rose by 5.2% (2Q2020: 4.7%). Contraction in the transportation and storage sector (7.8%) was driven by restrictions in movement aimed at curbing the spread of the COVID-19 pandemic.

Real GDP Growth by Sector	2Q2020	2Q2021
Agriculture	4.9%	(0.9%)
Mining & Quarrying	4.4%	17.7%
Manufacturing	2.5%	(0.1%)
Electricity and Water Supply	4.7%	5.2%
Construction	8.2%	6.5%
Wholesale & Retail Trade	(4.2%)	(9.5%)
Accommodation & Food Services	(56.8%)	9.1%
Transport & Storage	16.8%	16.9%
Information & Communication	2.6%	25.2%
Financial & Insurance	4.4%	9.9%
Public Administration	2.7%	13.0%
Professional, Admin & Support Services	(27.5%)	17.6%
Real Estate	4.6%	4.9%
Education	(22.4%)	67.6%
Health	9.8%	10.0%
Other Services	(22.1%)	20.2%

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	71	88
Total Value	2,628,720	3,595,090
Total Open Interest	854	857

Source: NSE

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Corporate Finance

Kwara raises \$4.0 Million in Funding

Kwara, a Kenyan startup, has received \$4.0 million in seed round funding. The firm was founded in 2018 and established a digital banking platform for the unbanked while also connecting savings cooperatives with banks, payment gateways and other third parties. The funding was raised from Breega, SoftBank, Vision Fund Emerge, DOB Equity among others and will be used to further develop the firm's neobank app ahead of its upcoming release.

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	43.25	13.5%	5.1%	28,350,200	44.3%	6.34	2.3%	1.05	15.4%
Equity Bank	47.50	30.0%	1.9%	12,149,700	48.5%	10.21	0.0%	1.21	13.0%
NCBA	24.05	-10.1%	0.2%	4,710,200	43.1%	2.77	7.3%	0.51	6.5%
Stanbic	92.25	8.5%	1.9%	23,100	48.9%	10.41	4.1%	0.74	6.8%
Absa Bank Kenya Plc	11.05	14.4%	0.0%	1,123,800	44.6%	10.77	0.0%	1.15	11.7%
Housing Finance	3.97	19.6%	-3.2%	61,700	120.9%	N/M	0.0%	0.17	-3.8%
Co-operative Bank	12.20	-2.4%	-40.8%	867,000	49.9%	9.72	8.2%	0.89	8.5%
Diamond Trust Bank	56.00	-25.3%	1.4%	16,100	38.2%	5.40	4.8%	0.24	4.6%
Standard Chartered	127.00	-12.0%	-1.6%	318,500	47.3%	12.10	8.3%	0.84	9.4%
I&M	20.95	-53.4%	1.7%	746,600	48.1%	4.29	12.2%	0.30	6.5%
Sector Average					53.4%	8.00	4.7%	0.71	7.9%

Commercial and Services

**Kenya Airways	3.83	0.0%	0.0%	-	N/M	0.0%	-6.22	N/M
Nation Media Group	18.90	22.3%	3.0%	97,000	94.50	0.0%	0.2	1.7%
WPP Scangroup	4.04	-32.7%	-0.7%	154,300	3.61	12.4%	1.12	6.0%
Uchumi Supermarket	0.23	-17.9%	4.5%	69,500	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	2.6%	248,100	5.88	13.0%	0.68	17.3%
Eveready	1.02	-15.0%	6.3%	38,600	N/M	0.0%	-1.45	-10.8%
Sector Average					34.66	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	35.15	-7.1%	0.3%	35,900	14.35	8.5%	3.2%	3.8%
E.A. Portland Cement	6.48	-41.1%	-7.4%	4,700	N/M	0.0%	0.0%	0.0%
Sector Average					14.35	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	4.49	-4.7%	3.5%	3,203,400	1.61	6.7%	2.79	9.0%
Kenya Power	1.74	1.8%	0.0%	1,744,200	N/M	0.0%	N/M	N/M
Total Kenya	24.00	0.0%	-4.0%	8,800	5.96	5.4%	4.03	10.8%
Sector Average					3.78	3.3%		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%	0.0%	350,000	0.74	N/M	71.4%	34.6%
Britam	6.98	-3.9%	0.6%	148,600	0.89	N/M	80.6%	58.1%
Jubilee	336.00	18.3%	-1.1%	400	0.74	6.40	101.3%	44.2%
Kenya Re	2.29	-1.3%	-1.3%	232,000	0.05	2.18	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	0.0%	17,800.00	1.25	14.56	85.8%	35.5%
Liberty	7.16	-7.0%	2.6%	6,700.00	0.46	5.47	119.6%	48.7%
Sector Average					0.69	7.15	87.7%	38.3%

*Unadjusted for the sale to Allianz

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	14.45	0.7%	0.7%	320,000	2.08	0.30	6.95	9.3%
Home Afrika Ltd	1.28	-7.1%	-2.5%	119,000	N/M	N/M	N/M	2.6%
Trans-Century	1.28	-11.7%	-1.5%	18,000.00	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	8.44	3.4%	-1.6%	350,300	28.13	3.3%	0.3	3.9%
Sector Average					28.13	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	149.00	-3.4%	-0.7%	1,405,700	28.82	2.0%	5.17	46.6%
FTG Holdings	1.35	9.8%	3.8%	48,800	5.19	0.0%	0.26	4.8%
Carbacid	10.80	-10.7%	-2.3%	28,000	8.50	6.5%	1.27	10.0%
BAT	430.00	19.1%	0.7%	1,000	7.79	10.5%	55.18	51.2%
Sector Average					12.58	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	37.80	10.4%	2.0%	47,644,700	22.11	3.6%	1.71	49.9%
Sector Average					22.11	3.6%		

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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	6.52	17.3%	-2.4%	49,000	20.86	11.35%	0.82
Sector Average						NA	

*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