

Global Markets

Index	Last Price *	Weekly Change %	YTD%
DJI	29,965.07	(0.8%)	5.0%
S&P 500	3,650.16	(1.3%)	14.1%
NASDAQ-100	12,331.55	(1.6%)	41.2%
DAX	13,131.14	(1.3%)	(0.9%)
FTSE 100	6,558.68	0.1%	(13.0%)
Euro Stoxx 50	3,493.26	(1.3%)	(6.7%)
Shanghai Composite	3,347.19	(2.8%)	9.7%
NIKKEI 225	26,652.52	(0.4%)	12.7%
NSEASI	147.12	(0.7%)	(11.6%)
NSE 20 Share	1,794.06	0.4%	(32.4%)
NSE 25 Share	3,296.62	(0.5%)	(19.6%)
Commodities			
BRENT Oil (USD/bbl.)	49.95	1.4%	(24.3%)
GOLD SPOT (USD/Oz)	1,840.83	0.2%	21.0%

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

Most of the global equity indices lost during week. However, the FTSE 100 gained marginally as the UK started a mass roll out of the Pfizer/BioNTech. The US indices lost over uncertainty on whether the US senate would pass a bill enabling extensions of some COVID 19 relief programs that were set to expire at the end of the year.

Equities Market

Market Commentary

The All-Share Index eased by 0.7% w-o-w to close the week at 147.12. We attribute this to profit taking activities on Safaricom whose price fell by 1.6% w/w to KES 32.95. However, the NSE 20 Index gained by 0.4% w-o-w to close the week at 1,794.06. Market turnover decreased by 49.6% to KES 2.7 billion while the volume of shares traded declined by 38.1% to 102.0 million shares. Foreign investors dominated trading (participation rate of 71.9%) and emerged net -sellers during week. We expect price stability in the coming week.

	Previous Week	This Week	Weekly Change
Market Capitalization (KES Bn)	2,275	2,259	-0.7%
Number of Shares Traded (M)	164.8	101.97	-38.1%
Equity Turnover Mn (KES)	5,324	2,682	-49.6%
Foreign Buys (%)	72.5%	68.5%	
Foreign Sells (%)	61.6%	75.2%	
Foreign Participation (%)	66.8%	71.9%	

Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
KenGen	Long Term Buy	4.61	-4.6%	(19.4%)
Kenya RE	Hold	2.11	-2.3%	(30.4%)

Equities Performance

Top Losers	Price (KES)	Weekly Change %	YTD Change %	Volume Traded
HF Group	3.08	(7.8%)	(52.3%)	256,000
Home Afrika	0.38	(7.3%)	(36.7%)	460,000
Kenya Power	1.25	(6.7%)	(6.7%)	10,443,800
BOC Kenya	60.00	(5.5%)	(2.5%)	96,800
Olympia	2.20	(5.2%)	(5.2%)	3,100

Top Gainers	Price (KES)	Weekly Change %	YTD Change %	Volume Traded
BK Group	20.15	34.3%	(28.0%)	28,800
Bamburi	38.90	29.9%	(51.4%)	355,100
Express	2.99	15.69%	15.9%	1,200
Sanlam	12.65	15.0%	(26.5%)	4,900
DTB	69.25	9.1%	9.1%	36,000

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

News Highlights

US FDA Advisory Board Recommends Approval of the Pfizer/BioNTech Vaccine

The US Food and Drug Administration (FDA) advisory board has recommended for approval the Pfizer-BioNTech for Emergency Use Authorization (EUA).

The FDA, in making the recommendation, noted that although there were side effects, there were no specific safety concerns identified that would preclude issuance of a EUA. Some of the side effects that were noted included chills, headaches and fatigue.

The US could become the fourth country after UK, Canada and Saudi Arabia to approve the vaccine for mass roll-out, with the UK having already rolled-out the vaccine.

If granted EUA, the US could start a mass roll out of the vaccine within days. The immunization is administered in 2 doses, three weeks apart.

The Pfizer-BioNTech and Moderna COVID-19 vaccines are one of 4 US backed vaccines in phase III trials. Moderna has also submitted its EUA application.

Both vaccines are based on Messenger RNA vaccines (mRNA) meaning they have genetic code that contains instructions for the body. These instructions tell the cells to make a viral spike protein similar to the one on the COVID-19 virus. The spike protein then triggers an immune response from the body. The benefit of mRNA technology is that it is fast to manufacture, as opposed to the traditional vaccine technology which relies on a weakened virus to trigger the immune response.

Although, they use similar technology, the Pfizer vaccine requires specialized storage facilities (to maintain extremely low temperature of -70.0 degree Celsius) for distribution compared to the Moderna vaccine (only requires -20.0 degrees Celsius). The Pfizer vaccine would cost \$20 per dose while the Moderna vaccine would cost \$32-37 with a possible discount if bought in bulk.

UPDATE: FDA has approved the Pfizer/BioNTech vaccine for emergency use.

Commentary:

The progress made on the vaccines is definitely good news for the global economy. We opine that a mass roll-out of the vaccines may result in faster economic recovery. There still remains concerns on access (availability and the costs of a mass roll-out) especially for developing nations.

Corporate Finance

CredPal raises \$1.5 million in Funding Round

Nigerian fintech startup CredPal has raised \$1.5 million in its recent funding round from Y Combinator (a US based seed-stage accelerator), GreenHouse Capital (a Lagos based fintech investment holding company) Tangerine Life (a digital insurance company) and other Venture Capital firms. Credit card use is not popular in Nigeria and the startup is looking to increase adoption and usability of credit cards. According to the company's management, the goal is to make credit cards mainstream across Africa similar to other advanced economies. Further, the \$1.5 million funding coupled with the growing market demand for consumer credit is expected to boost the company's growth. We note that while cash is still king in the African continent, the convenience of non-cash payments and the increasing availability of reliable non-cash technology is growing demand for credit cards. We opine therefore that there is room to grow penetration

Fixed Income Market

Treasury Bill Auction Results

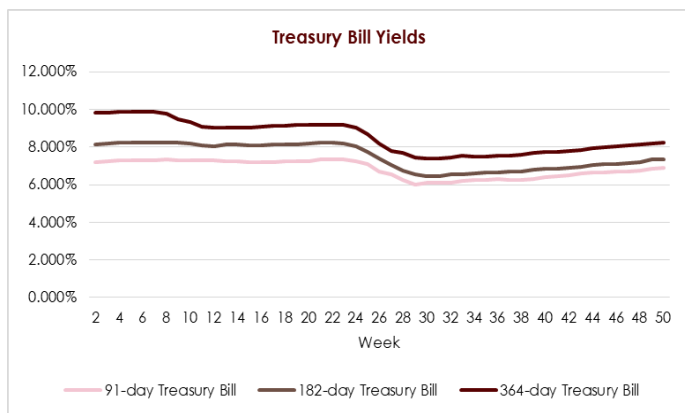
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield (%)	Change * (bps)
91 day	4.0	1.55	38.77%	1.55	6.901%	4.0
182 day	10.0	3.02	30.20%	2.98	7.363%	3.0
364 day	10.0	5.28	52.81%	5.19	8.246%	4.2
Total	24.0	9.85	41.05%	9.72		

Source: CBK

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

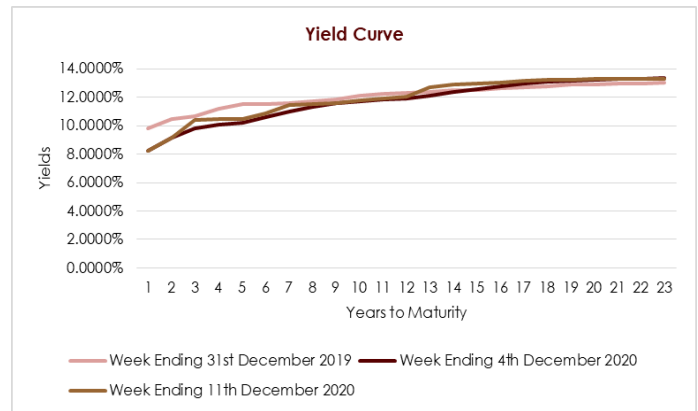
Treasury bills were undersubscribed during the week's auction – the total subscription rate was 41.05%, down from last week's 45.49%. We attribute this to relatively lower liquidity in the market and the re-opening of the FXD1/2015/15 and FXD2/2019/15. The 364-day paper had the highest subscription rate this week, at 52.81%, followed by the 91-day paper whose subscription rate was 38.77%. Yields on all Treasury bills sustained their upward trend during the week.

Treasury Bill Yields



Source: CBK

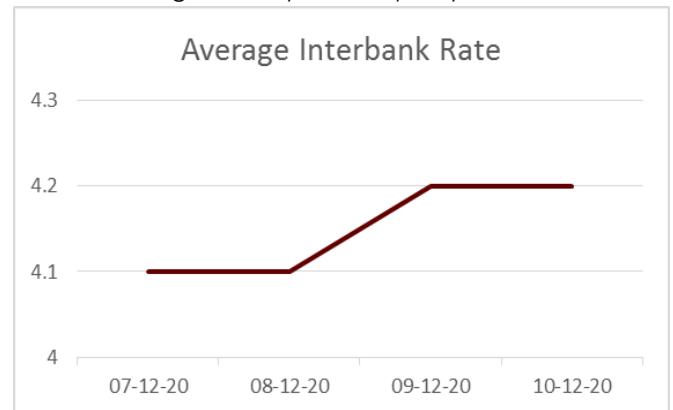
Government Securities Yield Curve



Source: NSE

Interbank Rate

The average interbank rate rose during the week from 4.1% to 4.2% indicating relatively lower liquidity.



Source: CBK

News Highlights

Results for Re-opened FXD1/2012/15 and FXD2/2019/15 Treasury Bonds

The Central Bank of Kenya (CBK), acting in its capacity as fiscal agent for the Republic of Kenya, invited bids for re-opened FXD1/2012/15 and FXD2/2019/15 with the intention of raising KES 40.0 billion for budgetary support.

The auction results for the bonds are shown in the table below:

Source: CBK

	FXD1/2012/15	FXD2/2019/15	Total
Amount Offered (KES)	40.0 billion		
Bids Received (KES)	9.3 billion	15.1 billion	24.3 billion
Performance rate	23.2%	37.7%	60.9%
Amount Accepted (KES)	8.6 billion	9.7 billion	18.3 billion
Weighted Average Rate of Accepted Bids	11.5%	12.8%	
Coupon rate	11.0%	12.7%	

We note that the results are in line with our expectations (11.6% for the FXD1/2012/15 and 12.6% for the FXD2/2019/15).

The issue was undersubscribed (as expected) indicating lower liquidity in the market and poor appetite for longer dated papers from some of the participants, in particular commercial banks. As mentioned, this is due to higher duration risk with longer term papers especially with expectations of higher interest rates).

We opine that the government might issue a tap sale in the course of the month owing to the undersubscription.

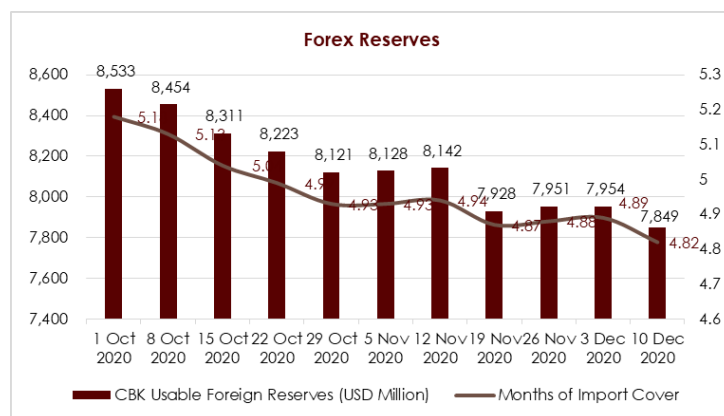
Macroeconomic Indicators

Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	111.4812	(0.4%)	(10.0%)
STG Pound	148.2362	0.3%	(11.5%)
EURO	134.9232	(0.4%)	(19.0%)

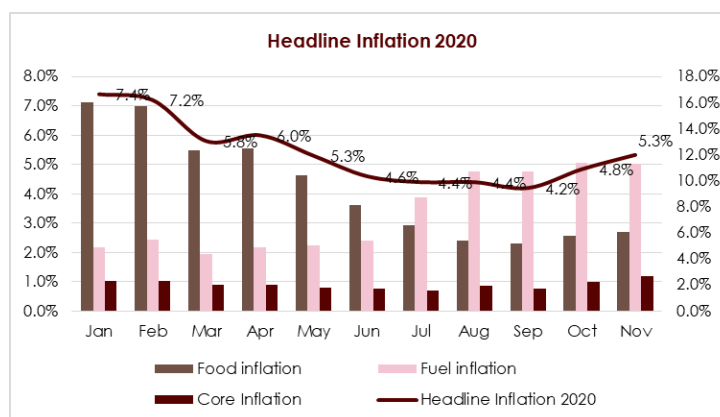
Source: CBK; Negative () = Depreciation, Positive = Appreciation

Forex Reserves



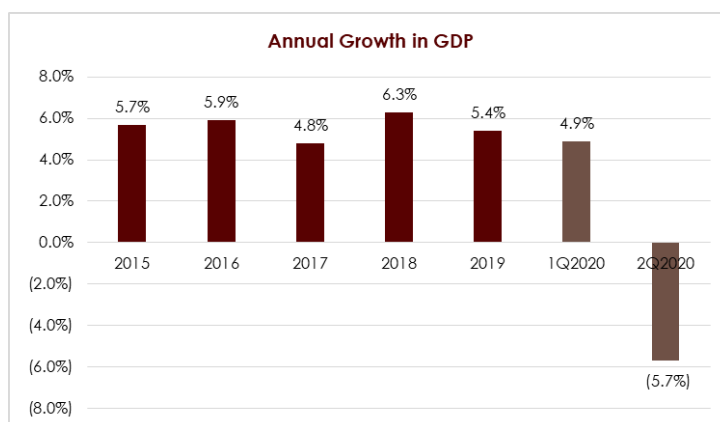
Source: CBK

Inflation



Source: KNBS

Gross Domestic Product (GDP)



Source: KNBS

Labour Statistics

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

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	37.00	-31.5%	0.8%	2,796,700	45.9%	4.59	9.5%	0.89	20.7%
Equity Bank	35.00	-34.6%	-0.1%	20,971,200	51.5%	5.85	0.0%	1.18	21.8%
NCBA	23.30	-36.8%	1.7%	388,000	41.9%	2.68	0.0%	0.52	15.3%
Stanbic	75.25	-31.1%	-5.0%	60,700	56.2%	4.66	9.4%	0.61	13.6%
Absa Bank									
Kenya Plc	9.56	-28.4%	-2.0%	1,859,400	51.2%	6.96	11.5%	1.15	16.7%
Housing Finance	3.08	-52.3%	-7.8%	256,000	93.8%	N/M	0.0%	0.11	-1.1%
Co-operative Bank	11.70	-28.4%	0.9%	2,478,000	52.1%	4.80	8.5%	0.87	19.2%
Diamond Trust Bank	69.25	-36.5%	9.1%	36,000	48.6%	2.85	3.9%	0.33	12.1%
Standard Chartered	150.00	-25.9%	0.3%	131,100	55.6%	6.26	5.0%	1.08	17.5%
I&M	46.00	-14.8%	0.0%	616,600	39.0%	1.77	5.5%	0.33	20.4%
Sector Average					53.6%	4.49	5.3%	0.71	15.6%

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	15.35	-61.4%	1.7%	78,800	3.41	9.8%	4.5	10.9%
WPP Scangroup Uchumi	6.18	-64.1%	-3.1%	174,800	5.52	8.1%	1.12	6.0%
Supermarket Longhorn	0.30	3.4%	0.0%	349,500	N/M	0.0%	-4.6	N/M
Publishers	4.82	-28.7%	7.3%	19,600	7.09	10.8%	0.68	17.3%
Eveready	1.19	8.2%	7.2%	43,500	N/M	0.0%	-1.45	-10.8%
Sector Average					5.34	5.7%		5.8%

*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	38.90	-51.4%	29.9%	355,100	15.88	0.0%	1.6%	2.1%
E.A. Portland Cement	11.20	-22.8%	-3.0%	3,000	N/M	0.0%	0.0%	0.0%
Sector Average					15.88	0.0%	0.8%	1.0%

*NPM - Net Profit Margin

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	4.61	-19.4%	-4.6%	1,203,700	3.84	8.7%	1.20	4.2%
Kenya Power	1.25	-55.5%	-6.7%	10,443,000	9.62	0.0%	0.13	0.4%
Total Kenya	24.10	-12.4%	4.6%	20,100	5.98	5.4%	4.03	10.8%
Sector Average					6.48	4.3%		2.3%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.06	-23.1%	-2.8%	323,200	0.26	17.17	69.8%	34.4%
Britam	7.20	-20.0%	0.0%	525,600	0.25	5.11	65.3%	37.2%
Jubilee	270.00	-23.1%	0.0%	5,800	9.62	5.14	91.9%	46.2%
Kenya Re	2.11	-30.4%	-2.3%	983,300	0.07	0.83	71.2%	13.1%
Sanlam Kenya	12.65	-26.5%	15.0%	4,900.00	8.78	16.01	85.8%	35.5%
Liberty	7.50	-27.5%	5.6%	1,200.00	0.93	5.73	119.6%	48.7%
Sector Average					3.32	8.33	83.9%	35.8%

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	15.75	-3.4%	-3.4%	305,500	2.27	0.33	6.95	9.3%
Home Afrika Ltd	1.31	-36.7%	-7.3%	460,000	N/M	N/M	N/M	2.6%
Trans-Century	1.31	-47.6%	-1.5%	23,600.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.33		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	8.18	-33.8%	0.5%	40,500	27.27	3.4%	0.3	3.9%
Sector Average					27.27	3.4%		

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

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%	0.0%	711,300	29.93	1.9%	5.17	46.6%
FTG Holdings	1.25	-49.4%	0.8%	142,700	4.81	0.0%	0.26	4.8%
Carbacid	11.80	47.5%	-1.3%	12,959,700	9.29	5.9%	1.27	10.0%
BAT	390.00	-22.0%	-2.5%	96,800	10.04	8.6%	38.85	40.8%
Sector Average					13.52	3.3%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	32.95	4.6%	-1.6%	42,278,000	17.72	4.2%	1.86	51.8%
Sector Average					17.72	4.2%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.62	-40.3%	3.7%	72,100	20.80	13.35%	0.83
Sector Average						NA	

*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	15-Dec-20
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

There's a new way to get the latest research & analysis from Faida Investment Bank

To receive Investment Opportunities and the Latest Market Recommendations on WhatsApp save **+254743552341** on your contacts list.

For more detailed information on the recommendations, please **click [here](#)**:

To invest in Money Market Funds, please email: **info@fib.co.ke**

For Online Share Trading (OST) via browser, **please click [here](#)**:

For the Faida M-Trader Application, **please click [here](#)**: