



Weekly Report

Week 50

Week Ending Friday, December 17, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,365.44	-1.3%	17.9%
S&P 500	4,620.64	-1.5%	25.6%
NASDAQ 100	15,801.46	-2.8%	26.5%
DAX	15,531.69	-0.6%	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	-0.9%	5.6%
NIKKEI 225	28,545.68	0.4%	3.6%
Commodities			
Brent Oil (USD/bbl.)	73.52	-1.6%	46.2%
Gold (USD/Oz)	1,798.11	0.8%	-6.0%

Source: Bloomberg, NSE; *As at 6:30 PM EAT

The equity indices eased during the week. The S&P 500 fell weighed down by bank stocks such as Bank of America. Oil (brent crude) fell owing to investor concern on the Omicron variant spread in Europe.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and edged up by 0.5% while the NSE 20 eased by 0.1% w-o-w to close the week at 163.64 and 1,856.55 respectively. Equity turnover fell by 41.5% to KES 2.3 billion while the volume traded fell by 43.0% to 60.6 million. Notable price gains in the week included; NCBA (4.2% w/w to KES 25.05), Equity (2.45 w/w to KES 48.65), KCB (2.0% w/w to KES 44.10). Safaricom's price rose by 0.5% w/w to KES 37.95. In the coming week, we expect price stability.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	163.64	162.77	0.5%	7.6%
NSE 20	1,854.55	1,856.44	(0.1%)	(0.7%)
NSE 25	3,625.08	3,594.17	0.9%	6.1%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,548.84	2,535.19	0.5%
Volume (Mn)	60.6	106.3	(43.0%)
Equity Turnover (KES Mn)	2,310.49	3,951.32	(41.5%)

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Kapchorua Tea	90.00	9.5%	15.4%
2.	NBV	6.48	7.3%	5.6%
3.	NCBA	25.05	4.2%	(15.0%)
4.	E.A Cables	1.28	3.2%	13.5%
5.	Equity	48.65	2.4%	33.1%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Kakuzi	385.30	(9.1%)	(13.5%)
2.	KenGen	4.13	(8.0%)	12.3%
3.	EAPC	6.06	(6.5%)	19.6%
4.	HF	3.74	(5.8%)	12.7%
5.	Kenya Re	2.22	(3.1%)	(4.3%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	37.95	1,058.56
2.	EABL	148.25	467.81
3.	KCB	44.10	405.60
4.	Equity	48.65	83.17
5.	BAT	435.00	70.77

Source: NSE and Faida Investment Bank Analysis

In the News

Britam and Telkom Partner on Insurance Cover

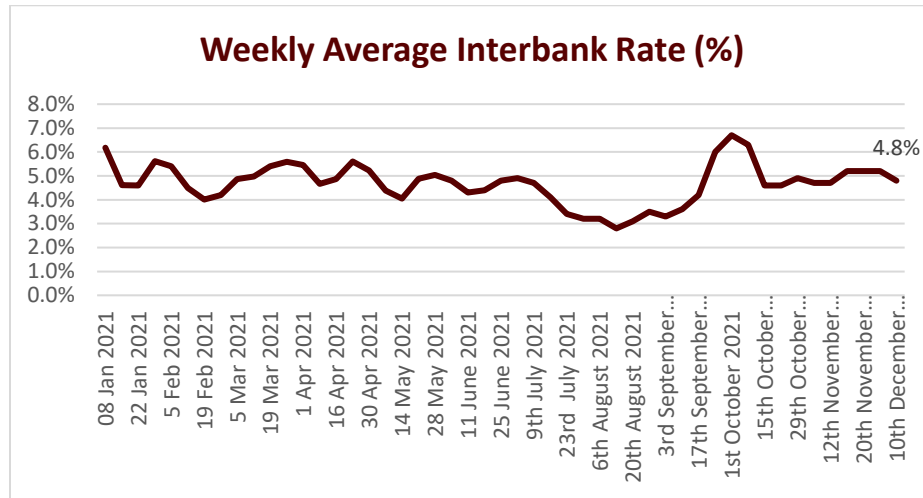
- Britam and Telkom Kenya have partnered on a deal to provide mobile-based insurance products under “Life Bila Noma cover” to small-scale traders.
- The cover will provide telecom and insurance bundles – data, voice minutes, SMS, personal accident and last-expense insurance
- According to Britam, the partnership is part of the group's strategy to build a customer-centric organization and offer accessible financial solutions.
- The cover has two options Life 200 and Life 300

Commentary

- We note that insurance penetration remains low in the country (2019: 2.3% from 2.4% in 2020). The low penetration rate has been attributed to factors such as lack of awareness, low income levels and expensive premiums. We opine that the customer-focused strategy will see increased affordability of products

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

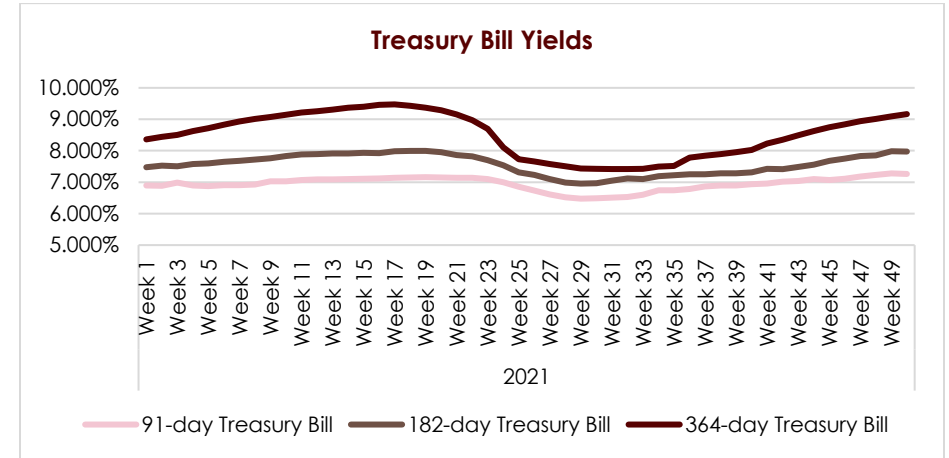
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	4.5	113.30%	3.6	7.265%	0.02%
182 day	10.0	11.2	112.15%	9.3	7.977%	0.01%
364 day	10.0	5.2	52.26%	5.1	9.164%	0.07%
Total	24.0	21.0	87.39%	17.9		

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

Source: CBK

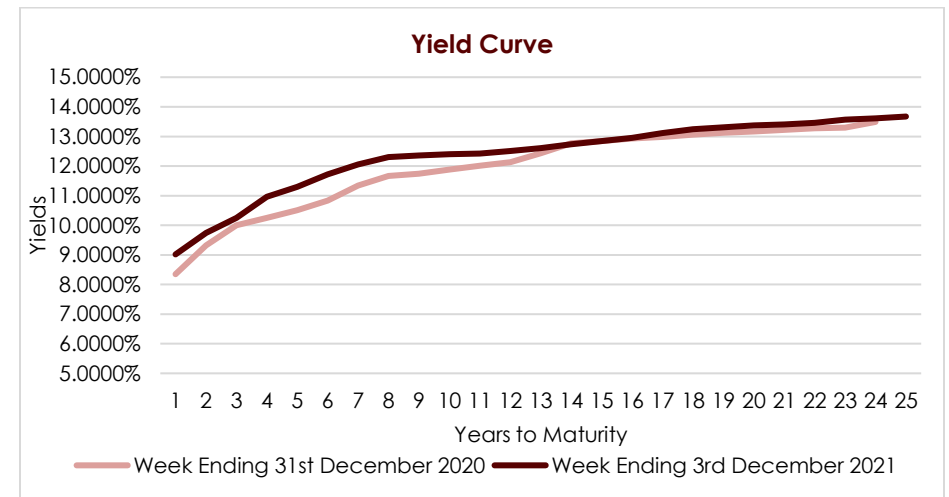
Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 87.39% compared to last week's 65.65%. The 91-day bill had the highest subscription rate this week at 113.30%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

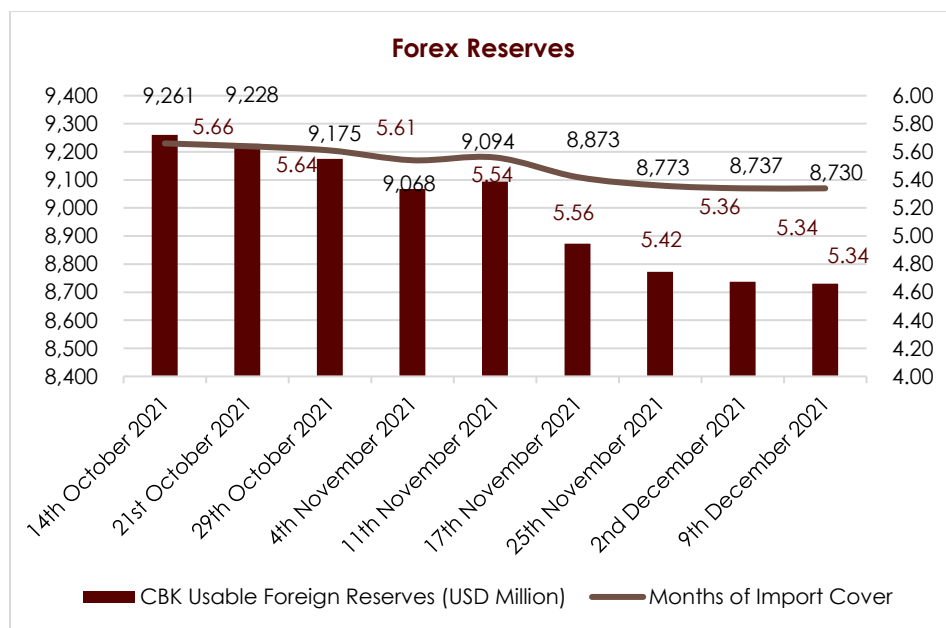
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	113.0265	(0.1%)	(3.5%)
STG Pound	150.3759	(0.9%)	(1.4%)
EURO	127.9747	(0.2%)	4.4%

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

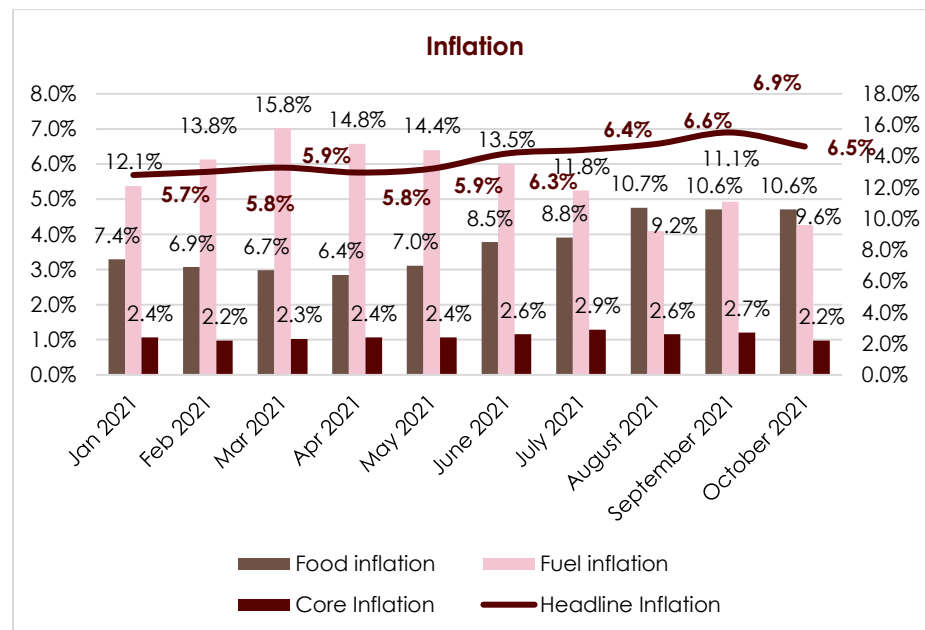
During the week, the Kenya Shilling depreciated against the US Dollar, Euro and the STG Pound.

Forex Reserves



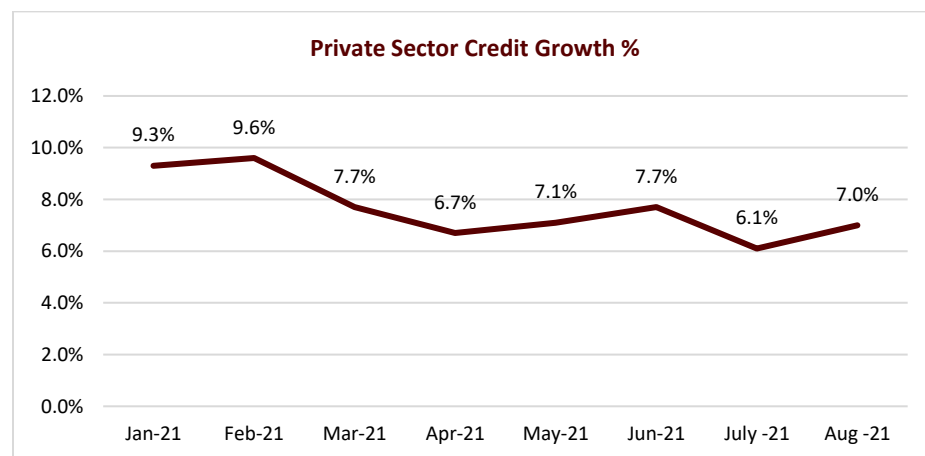
Source: CBK

Inflation



Source: KNBS

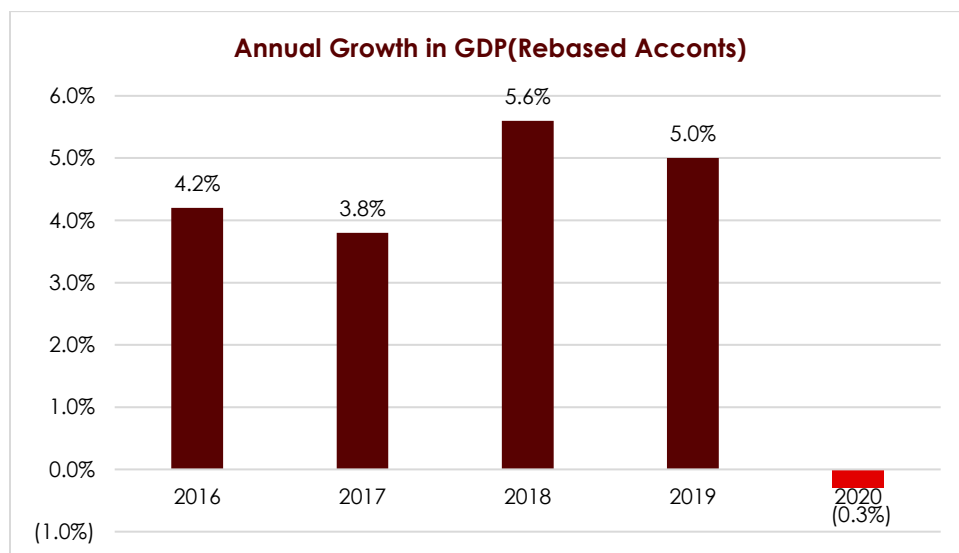
Credit Growth



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	44.10	15.7%	2.0%	9,221,500	44.3%	6.47	2.3%	1.07	15.4%
Equity Bank	48.65	33.1%	2.4%	1,703,700	48.5%	10.46	0.0%	1.24	13.0%
NCBA	25.05	-6.4%	4.2%	434,500	43.1%	2.88	7.0%	0.54	6.5%
Stanbic	92.50	8.8%	0.3%	220,900	48.9%	10.44	4.1%	0.74	6.8%
Absa Bank Kenya Plc	11.20	15.9%	1.4%	850,800	44.6%	10.92	0.0%	1.17	11.7%
Housing Finance	3.74	12.7%	-5.8%	132,900	120.9%	N/M	0.0%	0.16	-3.8%
Co-operative Bank	12.30	-1.6%	0.8%	3,774,800	49.9%	9.80	8.1%	0.90	8.5%
Diamond Trust Bank	57.00	-24.0%	1.8%	132,500	38.2%	5.50	4.7%	0.24	4.6%
Standard Chartered	126.50	-12.3%	-0.4%	158,100	47.3%	12.05	8.3%	0.84	9.4%
I&M	20.80	-53.8%	-0.7%	146,800	48.1%	4.26	12.3%	0.29	6.5%
Sector Average					53.4%	8.09	4.7%	0.72	7.9%

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	18.50	19.7%	-2.1%	13,200	92.50	0.0%	0.2	1.7%
WPP Scangroup	3.91	-34.8%	-3.2%	130,700	3.49	12.8%	1.12	6.0%
Uchumi Supermarket	0.23	-17.9%	0.0%	447,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	0.0%	168,400	5.88	13.0%	0.68	17.3%
Eveready	1.02	-15.0%	0.0%	11,100	N/M	0.0%	-1.45	-10.8%
Sector Average					33.96	5.2%		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%	-0.3%	81,400	14.31	8.6%	3.2%	3.8%
E.A. Portland Cement	6.06	-44.9%	-6.5%	25,700	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	4.13	-12.3%	-8.0%	1,979,300	1.48	7.3%	2.79	9.0%
Kenya Power	1.73	1.2%	-0.6%	1,538,300	N/M	0.0%	N/M	N/M
Total Kenya	23.20	-3.3%	-3.3%	5,700	5.76	5.6%	4.03	10.8%
Sector Average					3.62	3.6%		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	2.14	0.5%	-0.9%	409,900	0.73	N/M	71.4%	34.6%
Britam	7.10	-2.2%	1.7%	35,000	0.91	N/M	80.6%	58.1%
Jubilee	329.75	16.1%	-1.9%	13,600	0.73	6.28	101.3%	44.2%
Kenya Re	2.22	-4.3%	-3.1%	335,600	0.05	2.11	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	0.0%	4,600.00	1.25	14.56	85.8%	35.5%
Liberty	7.24	-6.0%	1.1%	6,000.00	0.46	5.53	119.6%	48.7%
Sector Average					0.69	7.12	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	14.60	1.0%	1.0%	265,500	2.10	0.31	6.95	9.3%
Home Afrika Ltd	1.30	-7.1%	0.0%	144,000	N/M	N/M	N/M	2.6%
Trans-Century	1.30	-10.3%	1.6%	21,500.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.31		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	8.50	4.2%	0.7%	6,094,700	28.33	3.3%	0.3	3.9%
Sector Average					28.33	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	148.25	-3.9%	-0.5%	3,150,800	28.68	2.0%	5.17	46.6%
FTG Holdings	1.35	9.8%	0.0%	5,200	5.19	0.0%	0.26	4.8%
Carbacid	10.80	-10.7%	0.0%	20,300	8.50	6.5%	1.27	10.0%
BAT	435.00	20.5%	1.2%	165,200	7.88	10.3%	55.18	51.2%
Sector Average					12.56	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	37.95	10.8%	0.4%	28,046,900	22.19	3.6%	1.71	49.9%

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Sector Average

22.19

3.6%

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.62	19.1%	1.5%	31,300	20.86	11.18%	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