

## Markets

Index	Last Price *	Weekly Change %	YTD%
NSEASI	148.04	0.6%	(11.0%)
NSE 20 Share	1,796.88	0.2%	(32.3%)
NSE 25 Share	3,298.82	0.1%	(19.6%)

Source: NSE

## Equities Market

### Market Commentary

The All Share and NSE 20 Indices gained by 0.6% and 0.2% w-o-w to close the week at 148.04 and 1,796.88 respectively. This was mainly due to Safaricom gaining by 1.8% w-o-w (+2.0% in today's trading session) which we attribute to positive investor sentiment following Central Bank of Kenya's (CBK) directive to not extend the waiver on M-Pesa transactions below KES 1,000 effective January 2021. Overall market turnover and volume of shares traded declined by 23.2% and 17.4% to KES 2.0 billion and 84.2 million shares respectively. In the upcoming week, we expect activity to remain high on Safaricom with continued stability in the market.

	Previous Week	This Week	Weekly Change
Market Capitalization (KES Bn)	2,259	2,274	0.6%
Number of Shares Traded (M)	101.97	84.20	-17.4%
Equity Turnover Mn (KES)	2,682	2,058	-23.2%
Foreign Buys (%)	68.5%	42.8%	
Foreign Sells (%)	75.2%	53.9%	
Foreign Participation (%)	71.9%	53.3%	

Top Gainers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Kenya Power	1.54	23.2%	(45.2%)	13,420,700
Home Afrika	0.42	10.5%	(30.0%)	177,100
TPS E. Africa	15.60	10.2%	(11.1%)	15,400
Stanbic	82.00	9.0%	(24.9%)	12,600
Car & General	25.00	8.7%	(3.8%)	100

## Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
KenGen	Long Term Buy	4.52	-2.0%	(21.0%)
Kenya RE	Hold	2.52	6.6%	(25.7%)

## Equities Performance

Top Losers	Price (KES)	Weekly Change	YTD Change %	Volume Traded
Bamburi	35.00	(10.0%)	(56.3%)	307,100
Sameer Africa	2.73	(9.0%)	(20.9%)	12,400
BK Group	18.40	(8.7%)	(34.3%)	6,677,200
EA Portland	10.25	(8.5%)	(29.3%)	3,500
Olympia	2.02	(8.2%)	0.5%	6,800

## News Highlights

### The CBK Announces the Lapsing of Emergency Mobile Money Transaction Measures and Introduces New Pricing Structures

After reassessing the emergency measures adopted to facilitate an increase in mobile money transactions (introduced in order to encourage the use of cashless payment system to curtail the spread of the Coronavirus) and consultations with Payment Service Providers (PSPs), the Central Bank of Kenya (CBK) has decided to allow the emergency measures to lapse on December 31st 2020.

Notably, the expiry of the emergency measures signifies that the charges for mobile money transactions up to KES 1,000 (low value transactions) will be reinstated. The CBK has also introduced revised pricing structures in the mobile money ecosystem slated to take effect from January 1st 2021.

The new pricing structure means is expected to have the following elements:

- i. The elimination of charges for person-to-person transfers of up to Ksh.100 to any customer and network.
- ii. The elimination of charges for transfers between mobile money wallets and bank accounts.
- iii. SACCOs regulated by the Sacco Societies Regulatory Authority (SASRA) will be permitted to charge a levy for transfers between SACCO accounts and mobile money wallets. These charges will however, be under the purview of the CBK.
- iv. PSPs will propose pricing structures that reflect Pricing Principles introduced by the CBK.

## Commentary:

The decision by the CBK to not extend the waiver of charges on low value mobile money transactions bodes well for Safaricom; the company had earlier indicated that the CBK's decision had cost them about KES 9.0 billion in the six months to June 2020. Thus, the reinstatement of the aforementioned fees will support growth in M-PESA revenues going forward. Additionally, Safaricom will also benefit from the increase in mobile money customers (which grew due to the fee waiver

on low value transactions).

On the flipside, the decision to permanently waiver charges associated with transfers between mobile money wallets and bank accounts is expected to reduce bank's non-funded income going forward.

## Corporate Finance

### Sunculture raises \$14.0 million in Series A Funding

Sunculture raised \$14.0 million Series A Funding from Energy Access Ventures (EAV), Electricite De France (EDF), Acumen Capital Partners and Dream Project Incubators. The company serves customers across Kenya, Uganda, Zambia, Senegal, Togo and Cote D'ivoire. According to management the equity raise will enable the company to accelerate direct sales in Kenya, continue to expand internationally and find existing product improvements and new product innovation. We opine that the funds will boost the firm's growth.

**Fixed Income Market**

Treasury Bill Auction Results

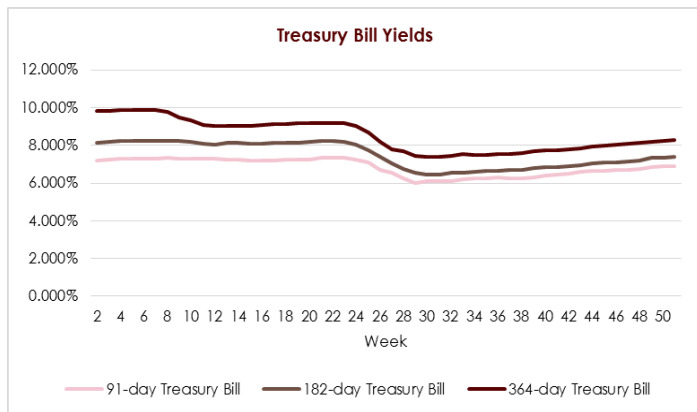
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield (%)	Change* (bps)
<b>91 day</b>	4.0	8.63	215.75%	8.51	6.916%	1.5
<b>182 day</b>	10.0	7.86	78.57%	7.86	7.399%	3.6
<b>364 day</b>	10.0	5.21	52.07%	4.97	8.283%	3.7
<b>Total</b>	24.0	21.69	90.39%	21.34		

Source: CBK

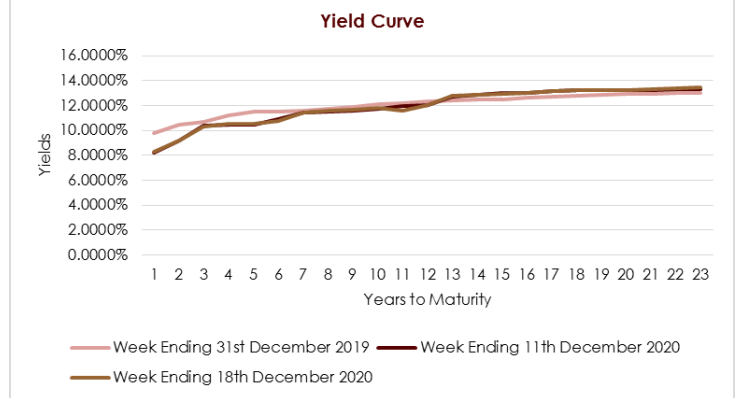
\*Change = Current Rate – Previous Rate; 1.0% = 100 bps; Amount Offered, Bids Received and Bids Accepted are in KES Billions

Treasury bills were undersubscribed during the week's auction – the total subscription rate was 90.39%, up from last week's 41.05%. The 91 day paper had the highest subscription rate this week, at 215.75%, followed by the 182 day paper whose subscription rate was 78.57%. Yields on all Treasury bills sustained their upward trend during the week.

Treasury Bill Yields



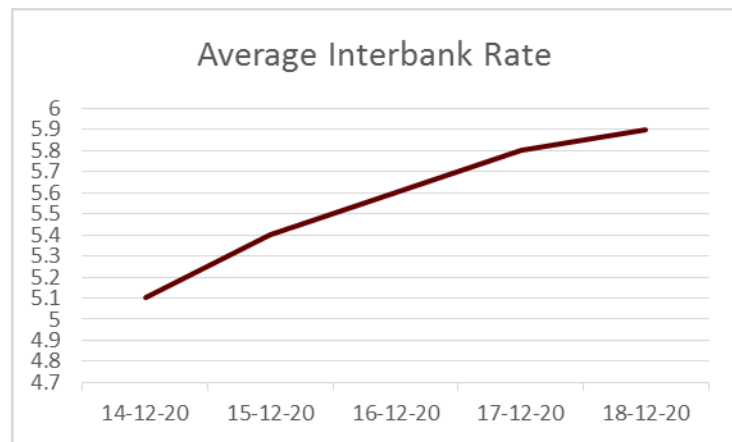
Source: CBK



Source: NSE

Interbank Rate

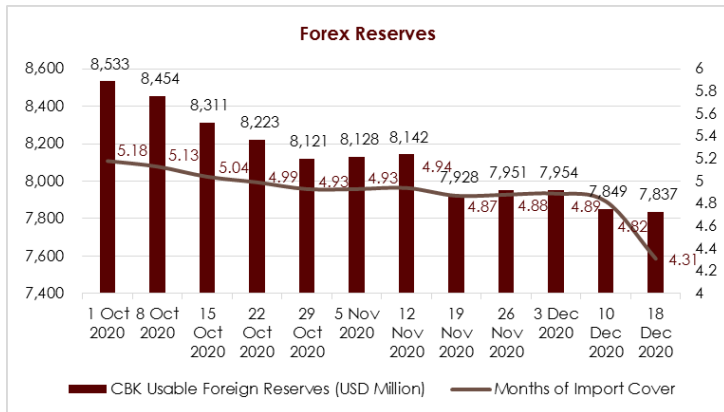
The average interbank rate rose during the week from 5.1% to 5.9% indicating relatively lower liquidity.



Source: CBK

## Macroeconomic Indicators

### Forex Reserves



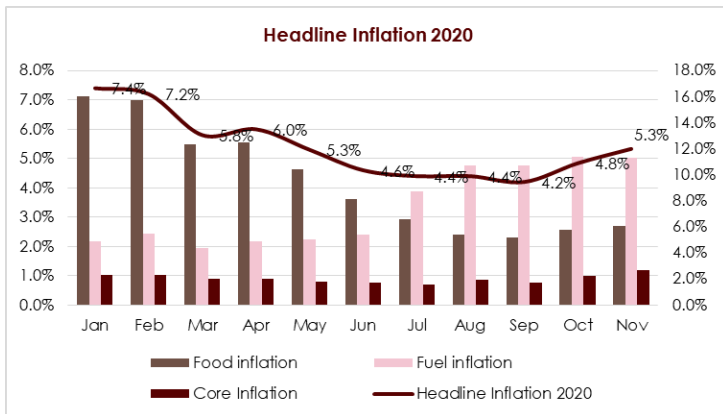
Source: CBK

### Labour Statistics

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

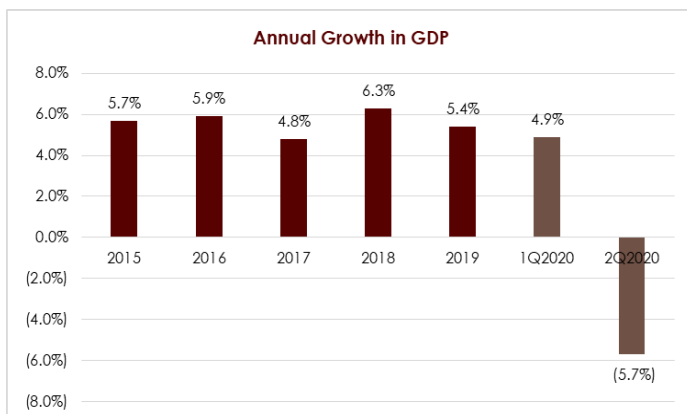
Source: KNBS

### Inflation



Source: KNBS

### Gross Domestic Product (GDP)



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	36.80	-31.9%	-0.5%	5,865,400	45.9%	4.57	9.5%	0.89	20.7%
Equity Bank	34.55	-35.4%	-1.3%	11,509,200	51.5%	5.78	0.0%	1.17	21.8%
NCBA	23.50	-36.2%	0.9%	525,200	41.9%	2.70	0.0%	0.52	15.3%
Stanbic	82.00	-24.9%	9.0%	12,600	56.2%	5.08	8.6%	0.66	13.6%
Absa Bank									
Kenya Plc	9.16	-31.4%	-4.2%	2,977,700	51.2%	6.67	12.0%	1.10	16.7%
Housing Finance	3.24	-49.8%	5.2%	52,400	93.8%	N/M	0.0%	0.11	-1.1%
Co-operative Bank	11.70	-28.4%	0.0%	6,996,700	52.1%	4.80	8.5%	0.87	19.2%
Diamond Trust Bank	67.25	-38.3%	-2.9%	128,500	48.6%	2.77	4.0%	0.32	12.1%
Standard Chartered	147.25	-27.3%	-1.8%	126,100	55.6%	6.14	5.1%	1.06	17.5%
I&M	45.20	-16.3%	-1.7%	332,600	39.0%	1.74	5.6%	0.32	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.47</b>	<b>5.3%</b>	<b>0.70</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	15.50	-61.1%	1.0%	50,400	3.44	9.7%	4.5	10.9%
WPP Scangroup	6.02	-65.0%	-2.6%	537,300	5.38	8.3%	1.12	6.0%
Uchumi								
Supermarket	0.29	0.0%	-3.3%	510,800	N/M	0.0%	-4.6	N/M
Longhorn								
Publishers	4.80	-29.0%	-0.4%	15,300	7.06	10.8%	0.68	17.3%
Eveready	1.20	9.1%	0.8%	39,300	N/M	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.29</b>	<b>5.8%</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	35.00	-56.3%	-10.0%	307,100	14.29	0.0%	1.6%	2.1%
E.A. Portland Cement	10.25	-29.3%	-8.5%	3,500	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>14.29</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	4.52	-21.0%	-2.0%	1,267,000	3.77	8.8%	1.20	4.2%
Kenya Power	1.54	-45.2%	23.2%	13,420,700	11.85	0.0%	0.13	0.4%
Total Kenya	23.40	-14.9%	-2.9%	34,400	5.81	5.6%	4.03	10.8%
<b>Sector Average</b>					<b>7.14</b>	<b>4.4%</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	2.05	-23.5%	-0.5%	330,500	0.26	17.08	69.8%	34.4%
Britam	7.02	-22.0%	-2.5%	385,100	0.24	4.98	65.3%	37.2%
Jubilee	285.00	-18.8%	5.6%	8,200	10.15	5.43	91.9%	46.2%
Kenya Re	2.25	-25.7%	6.6%	975,400	0.08	0.88	71.2%	13.1%
Sanlam Kenya	11.80	-31.4%	-6.7%	7,000.00	8.19	14.94	85.8%	35.5%
Liberty	7.36	-28.9%	-1.9%	128,500.00	0.92	5.62	119.6%	48.7%
<b>Sector Average</b>					<b>3.31</b>	<b>8.15</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	15.50	-1.6%	-1.6%	1,671,500	2.23	0.33	6.95	9.3%
Home Afrika Ltd	1.23	-30.0%	10.5%	177,100	N/M	N/M	N/M	2.6%
Trans-Century	1.23	-50.8%	-6.1%	7,500.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.33</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	7.92	-35.9%	-3.2%	71,600	26.40	3.5%	0.3	3.9%
<b>Sector Average</b>					<b>26.40</b>	<b>3.5%</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	150.25	-24.3%	-2.9%	1,273,100	29.06	2.0%	5.17	46.6%
FTG Holdings	1.25	-49.4%	0.0%	164,000	4.81	0.0%	0.26	4.8%
Carbacid	11.50	43.8%	-2.5%	408,000	9.06	6.1%	1.27	10.0%
BAT	390.00	-22.0%	0.0%	23,200	10.04	8.6%	38.85	40.8%
<b>Sector Average</b>					<b>13.24</b>	<b>3.3%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	33.55	6.5%	1.8%	25,601,100	18.04	4.2%	1.86	51.8%
<b>Sector Average</b>					<b>18.04</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	5.58	-40.8%	-0.7%	126,400	20.80	13.44%	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
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
Carbacid Investments PLCS	Final dividend	Kes. 0.70	23-Nov-20	09-Jan-21	29-Jan-21

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