



Weekly Report

Week 51

Week Ending Friday, December 24, 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	44,558.00	26.0%	46.6%
S&P 500	4,725.79	2.3%	26.6%
NASDAQ 100	16,308.21	3.2%	26.9%
DAX	15,756.31	1.4%	14.9%
FTSE 100	7,372.10	1.4%	14.1%
EURO STOXX 50	4,255.01	2.3%	19.8%
Shanghai Composite	3,618.05	-0.4%	4.2%
NIKKEI 225	28,782.59	0.8%	4.9%
Commodities			
Brent Oil (USD/bbl.)	76.14	3.6%	48.9%
Gold (USD/Oz)	1,810.26	0.7%	-4.6%

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

Most of the equity indices rose during the week. The S&P 500 edged up as Omicron variant concerns eased. Oil (brent crude) rose in the week also buoyed by an ease in investor fears over the economic impact of the Omicron variant.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 edged up by 4.2% and 2.6% w-o-w to close the week at 170.57 and 1,901.97 respectively. Notable price gains in the week included; NMG (7.8% w/w to KES 19.95), BK Group (6.1% w/w to KES 28.00), DTB (4.4% w/w to KES 59.50), Bamburi (4.4% w/w to KES 36.60), HF (4.3 w/w to KES 3.90), Absa (3.1% w/w to KES 11.55). Safaricom's price rose by 5.4% w/w to KES 40.00. We expect price stability in the coming week.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	170.57	163.64	4.2%	12.1%
NSE 20	1,901.97	1,854.55	2.6%	1.8%
NSE 25	3,759.84	3,625.08	3.7%	10.1%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,657.84	2,548.84	4.2%
Volume (Mn)	60.6	106.3	(43.0%)
Equity Turnover (KES Mn)	2,310.49	3,951.32	(41.5%)

Source: NSE

Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	EABL	168.00	13.3%	8.9%
2.	NBV	6.48	7.9%	5.6%
3.	Sasini	21.90	7.8%	12.3%
4.	Total	24.95	7.5%	4.0%
5.	Limuru Tea	320.00	6.7%	(11.1%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	NBV	5.36	(17.3%)	25.2%
2.	Olympia	1.78	(10.1%)	(19.1%)
3.	Express	3.85	(7.2%)	6.6%
4.	Jubilee	310.25	(5.9%)	9.2%
5.	EA Cables	1.22	(4.7%)	(11.6%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	40.00	1,058.56
2.	EABL	168.00	467.81
3.	KCB	45.20	405.60
4.	Equity	48.50	83.17
5.	BAT	440.00	70.77

Source: NSE and Faida Investment Bank Analysis

In the News

Kenya seeks spending cap waiver from IMF

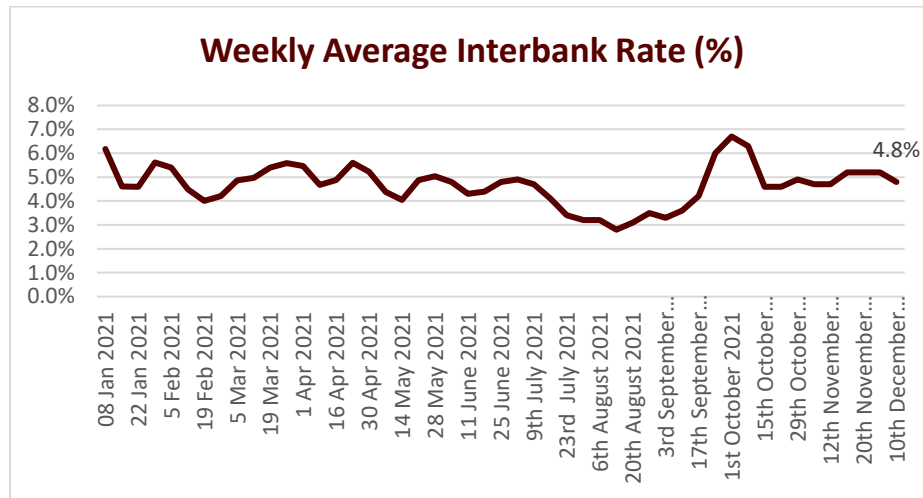
- Kenya is seeking to have a spending cap waiver from the International Monetary Fund (IMF) on the KES 14.6 billion World Bank vaccine loan without breaching the terms
- The 38-month programme allows for flexibility in addressing social and emergency spending provided the IMF approves
- Treasury seeks modification of the end-June 2022 ceiling to allow the use of the COVID-19 related resources made available from the World Bank

Commentary

- We opine that if approved, the waiver would boost Kenya's vaccination program at a time when infection rates have been rising within the country. The government is focused on vaccinating all adults by June 2022.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

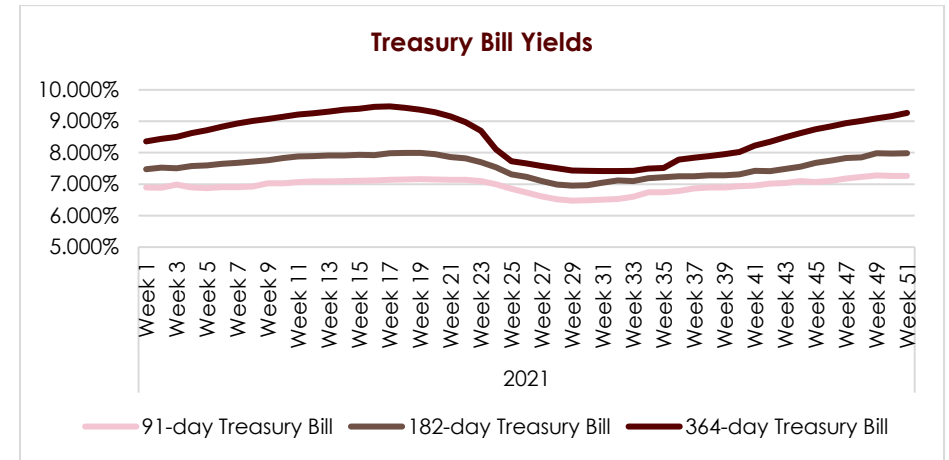
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	1.6	39.77%	1.6	7.264%	0.00%
182 day	10.0	0.8	7.97%	0.8	7.982%	0.01%
364 day	10.0	4.0	39.96%	4.0	9.265%	0.10%
Total	24.0	6.4	26.60%	6.4		

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

Source: CBK

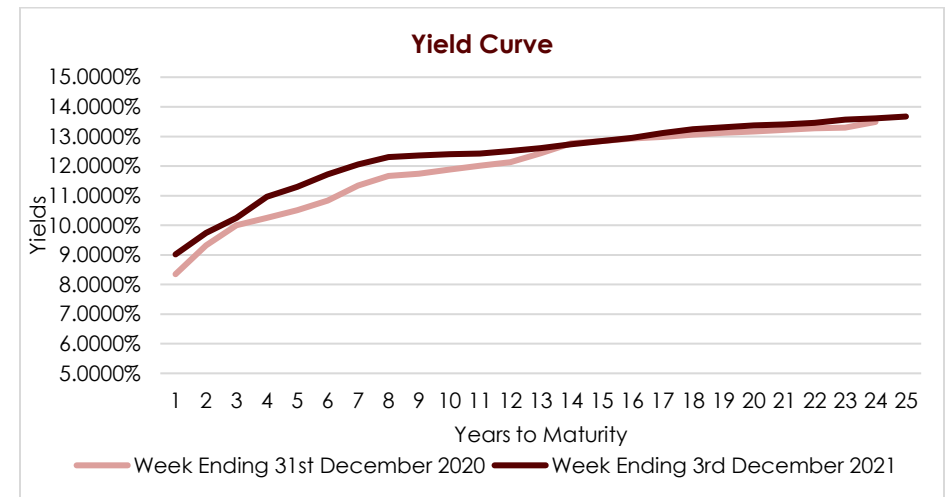
Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 26.60% compared to last week's 87.39%. The 364-day bill had the highest subscription rate this week at 39.96%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

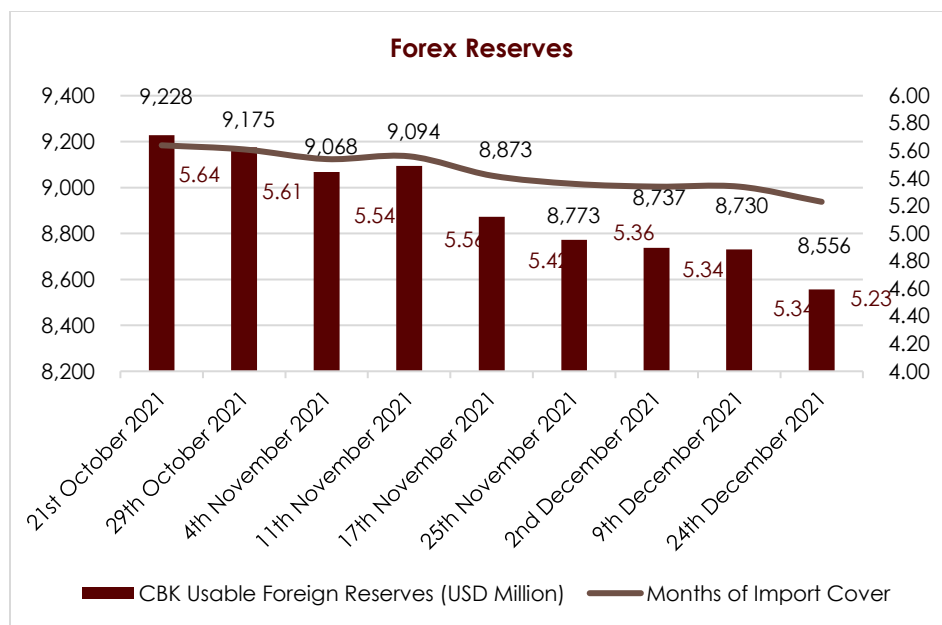
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	113.0794	(0.1%)	(3.6%)
STG Pound	151.0450	(0.4%)	(1.8%)
EURO	127.9538	(0.0%)	4.4%

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

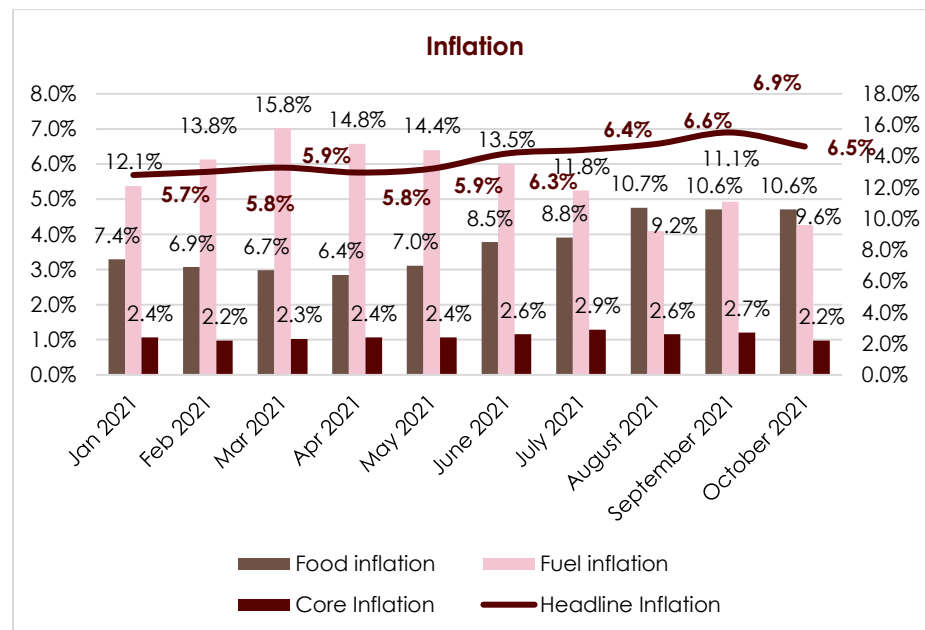
During the week, the Kenya Shilling depreciated against the US Dollar, Euro and the STG Pound.

Forex Reserves



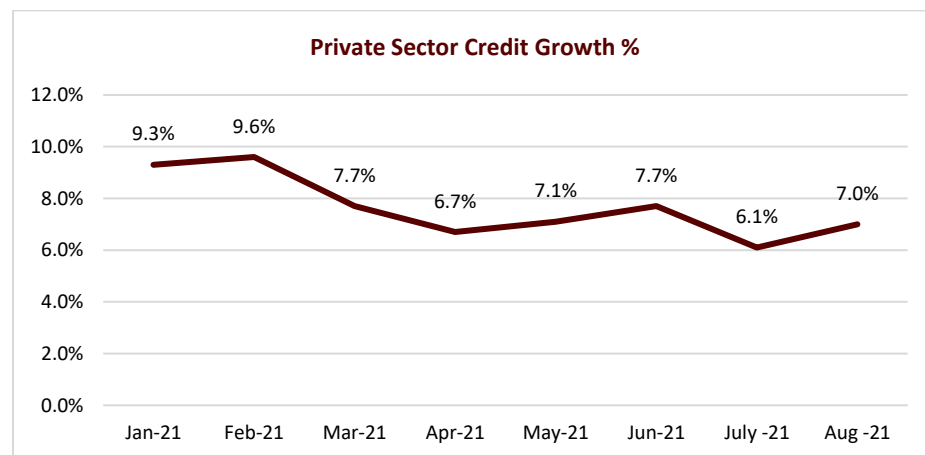
Source: CBK

Inflation



Source: KNBS

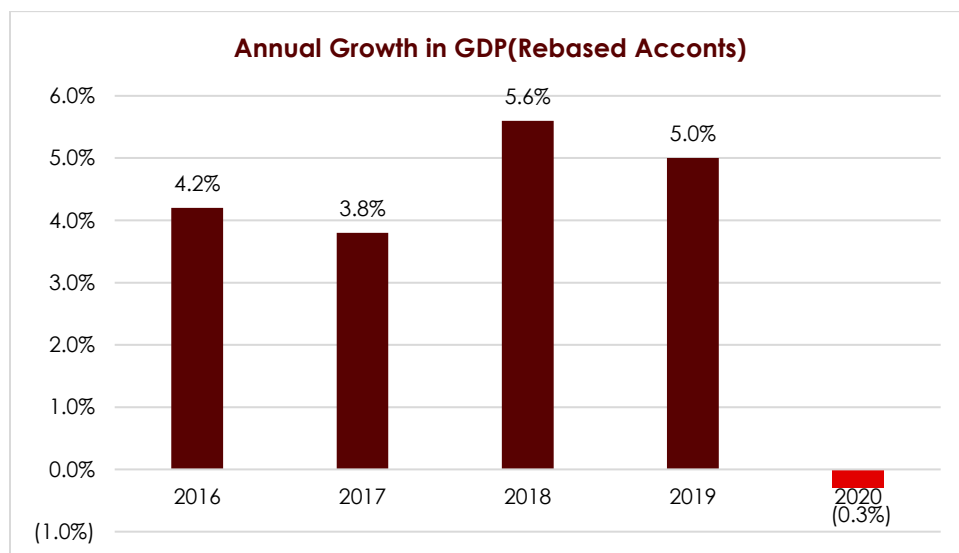
Credit Growth



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

Planet42 raises \$30.0 Million in Funding

Planet42, a South African startup, has received \$30.0 million in debt and equity funding. The firm was founded in 2017 and partners with dealerships across South Africa to provide access to personal cars to its mostly unbanked clients. The equity round (\$6.0 million) was led by Naspers while existing debt investors added \$24.0 million. The funding will be used to drive international expansion.

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	45.20	18.6%	2.5%	9,221,500	44.3%	6.63	2.2%	1.10	15.4%
Equity Bank	48.50	32.7%	-0.3%	1,703,700	48.5%	10.43	0.0%	1.23	13.0%
NCBA	25.75	-3.7%	2.8%	434,500	43.1%	2.96	6.8%	0.55	6.5%
Stanbic	92.00	8.2%	-0.5%	220,900	48.9%	10.38	4.1%	0.74	6.8%
Absa Bank Kenya Plc	11.55	19.6%	3.1%	850,800	44.6%	11.26	0.0%	1.21	11.7%
Housing Finance	3.90	17.5%	4.3%	132,900	120.9%	N/M	0.0%	0.17	-3.8%
Co-operative Bank	12.45	-0.4%	1.2%	3,774,800	49.9%	9.92	8.0%	0.91	8.5%
Diamond Trust Bank	59.50	-20.7%	4.4%	132,500	38.2%	5.74	4.5%	0.25	4.6%
Standard Chartered	128.00	-11.3%	1.2%	158,100	47.3%	12.19	8.2%	0.85	9.4%
I&M	21.50	-52.2%	3.4%	146,800	48.1%	4.41	11.9%	0.30	6.5%
Sector Average					53.4%	8.21	4.6%	0.73	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	19.95	29.1%	7.8%	13,200	99.75	0.0%	0.2	1.7%
WPP Scangroup	4.05	-32.5%	3.6%	130,700	3.62	12.3%	1.12	6.0%
Uchumi Supermarket	0.23	-17.9%	0.0%	447,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	3.96	-18.9%	-1.0%	168,400	5.82	13.1%	0.68	17.3%
Eveready	0.99	-17.5%	-2.9%	11,100	N/M	0.0%	-1.45	-10.8%
Sector Average					36.40	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	36.60	-3.3%	4.4%	81,400	14.94	8.2%	3.2%	3.8%
E.A. Portland Cement	6.06	-44.9%	0.0%	25,700	N/M	0.0%	0.0%	0.0%
Sector Average					14.94	4.1%	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	4.24	-10.0%	2.7%	1,979,300	1.52	7.1%	2.79	9.0%
Kenya Power	1.74	1.8%	0.6%	1,538,300	N/M	0.0%	N/M	N/M
Total Kenya	24.95	4.0%	7.5%	5,700	6.19	5.2%	4.03	10.8%
Sector Average					3.86	3.5%		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	2.20	3.3%	2.8%	409,900	0.75	N/M	71.4%	34.6%
Britam	7.04	-3.0%	-0.8%	35,000	0.90	N/M	80.6%	58.1%
Jubilee	310.25	9.2%	-5.9%	13,600	0.69	5.91	101.3%	44.2%
Kenya Re	2.29	-1.3%	3.2%	335,600	0.05	2.18	67.7%	8.9%
Sanlam Kenya	11.55	-10.8%	0.4%	4,600.00	1.26	14.62	85.8%	35.5%
Liberty	7.04	-8.6%	-2.8%	6,000.00	0.45	5.37	119.6%	48.7%
Sector Average					0.68	7.02	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	14.10	-3.4%	-3.4%	265,500	2.03	0.30	6.95	9.3%
Home Afrika Ltd	1.30	-4.8%	2.6%	144,000	N/M	N/M	N/M	2.6%
Trans-Century	1.30	-10.3%	0.0%	21,500.00	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	8.42	3.2%	-0.9%	6,094,700	28.07	3.3%	0.3	3.9%
Sector Average					28.07	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	168.00	8.9%	13.3%	3,150,800	32.50	1.8%	5.17	46.6%
FTG Holdings	1.35	9.8%	0.0%	5,200	5.19	0.0%	0.26	4.8%
Carbacid	11.00	-9.1%	1.9%	20,300	8.66	6.4%	1.27	10.0%
BAT	440.00	21.9%	1.1%	165,200	7.97	10.2%	55.18	51.2%
Sector Average					13.58	3.7%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	40.00	16.8%	5.4%	28,046,900	23.39	3.4%	1.71	49.9%
Sector Average					23.39	3.4%		

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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	6.48	16.5%	-2.1%	31,300	20.86	11.42%	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
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