

Global Markets

Index	Last Price *	Weekly Change%	YTD%
DJI	29,630.30	(0.2%)	5.8%
S&P 500	3,859.04	0.4%	14.6%
NASDAQ-100	13,082.97	0.3%	45.6%
DAX	13,727.54	(0.2%)	2.6%
FTSE 100	6,502.11	(0.4%)	(13.8%)
Euro Stoxx 50	3,627.12	2.3%	(5.4%)
Shanghai Composite	3,396.56	0.1%	11.5%
NIKKEI 225	26,668.35	(0.4%)	13.4%
NSEASI	150.18	1.5%	(9.8%)
NSE 20 Share	1,839.51	2.4%	(30.7%)
NSE 25 Share	3,344.26	1.4%	(18.4%)
Commodities			
BRENT Oil (USD/bbl.)	51.37	(1.4%)	(0.2%)
GOLD SPOT (USD/Oz)	1,889.63	0.4%	6.1%

Source: NSE, Bloomberg; *As at 6.07PM EAT

Equities Market

Market Commentary

The All Share and NSE 20 Indices gained by 1.4% and 2.4% w-o-w (4 day trading week) to close the week at 150.18 and 1,839.51 respectively. Market turnover declined by 33.7% to KES 1.3 billion while the volume of shares traded declined by 47.1% to 44.5 million. The week's activity was dominated by the banking sector (49.5% of the week's traded value) and Safaricom (29.7% of the week's traded value). Safaricom reached an all-time high of KES 34.10, retreating to close the week at KES 34.00 (w-o-w gain of 1.3%). EABL gained 3.8% w-o-w to close at KES 156.00 on foreign investor demand. We expect continued stability to the overall market index (NASI) in the upcoming week

	Previous Week	This Week	Weekly Change
Market Capitalization (KES Bn)	2,274	2,307	1.5%
Number of Shares Traded (M)	84.20	44.58	-47.1%
Equity Turnover Mn (KES)	2,058	1,365	-33.78%
Foreign Buys (%)	42.8%	25.2%	
Foreign Sells (%)	53.9%	33.0%	
Foreign Participation (%)	53.3%	49.2%	

Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
KenGen	Long Term Buy	4.69	3.8%	(18.0%)
Kenya RE	Hold	2.36	4.9%	(22.1%)

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
BK Group	20.80	13.0%	(25.7%)	61,800
Transcentury	1.38	12.2%	(44.8%)	13,100
Sanlam	12.95	9.7%	(24.7%)	5,300
Bamburi	37.90	8.3%	(52.6%)	579,900
DTB	72.50	7.8%	(33.5%)	32,400

Top Losers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Car & General	22.00	(12.0%)	(15.4%)	50,100
NBV	4.28	(7.4%)	511.4%	122,400
I&M Holdings	43.40	(4.0%)	(19.6%)	2,165,700
EA Cables	1.30	(3.7%)	(48.0%)	418,100
Stanbic	79.00	(3.7%)	(27.7%)	9,600

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News Highlights

ABSA Kenya Issues Profit Warning for FY2020

Absa Kenya has announced a profit warning for FY2020, expecting after tax profits for FY2020 to contract compared to FY2019. This implies that after tax profits for FY2020 will not exceed KES 7.5 billion. The profit warning was mainly attributed to the impact of the Covid-19 pandemic (which saw increased provisioning) as well as rebranding costs incurred as the bank shifted from Barclays to Absa. According to the bank, trends and forecasts showed that the rate of impairment was increasing due to the delayed loans repayments and potential additional stress due to the Covid-19 after effects.

Commentary

We note that the difficult operating environment owing to the pandemic has not impacted Absa alone, with other banks such as KCB, HF, Standard Chartered and I&M have also issued profit warnings for FY2020. In 3Q2020, the sector recorded higher provisioning and depressed earnings. As at November 2020, banks had restructured a total of KES 1.4 trillion. We anticipate reduced earnings across the banking sector for FY2020.

Corporate Finance

Indicina raises Six-figure Funding

Indicina, a Nigerian tech startup, has closed a six figure funding round led by Green House Capital, a fintech investment company. The startup uses data analytics to assist businesses with credit decisions and offers loan portfolio management as well as loan collections for banks, insurers etc. The funding would be used for product expansion and deepening artificial intelligence (AI) capabilities. We opine that digitization of financial processes, particularly where credit is concerned, is key in enhancing risk management and operational efficiency.

Fixed Income Market

Treasury Bill Auction Results

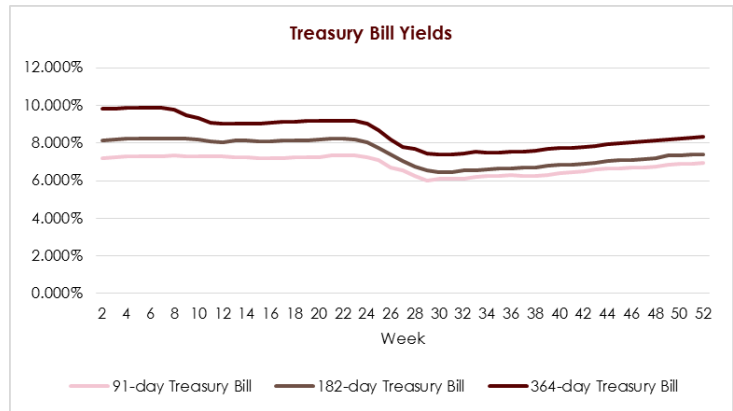
	Amount Offered	Bids Received	Subscription %	Bids Accepted	Yield (%)	Change (bps)
91 day	4.0	5.75	143.82%	5.60	6.929%	1.3
182 day	10.0	2.52	25.21%	2.44	7.403%	0.4
364 day	10.0	4.40	44.00%	2.09	8.338%	5.5
Total	24.0	12.67	52.81%	10.14		

Source: CBK

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

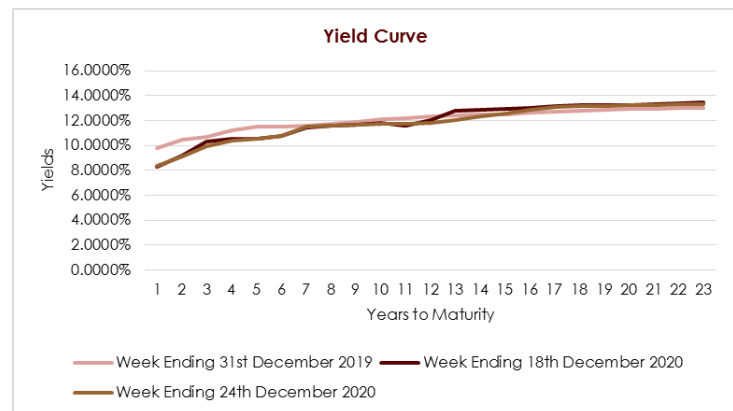
Treasury bills were undersubscribed during the week’s auction – the total subscription rate was 52.81%, down from last week’s 90.39%. The 91 day paper had the highest subscription rate this week, at 143.82%, followed by the 364 day paper whose subscription rate was 44.00%. Yields on all Treasury bills sustained their upward trend during the week.

Treasury Bill Yields



Source: CBK

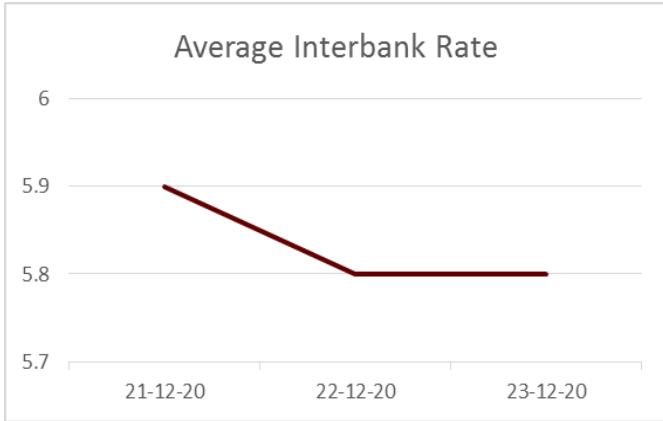
Government Securities Yield Curve



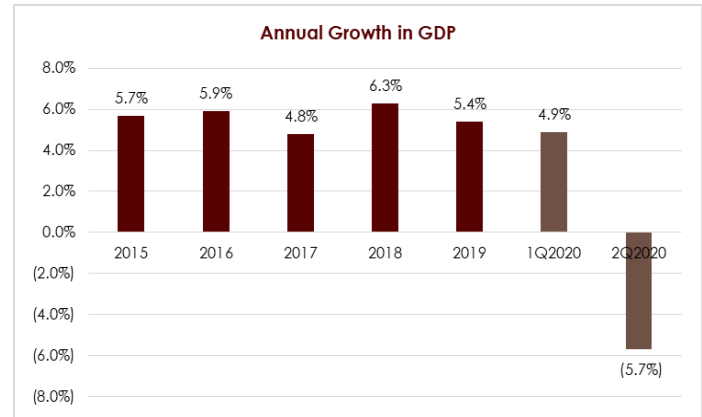
Source: NSE

Interbank Rate

The average interbank rate fell during the week from 5.9% to 5.8% indicating relatively higher liquidity.



Gross Domestic Product (GDP)



Source: KNBS

Macroeconomic Indicators

Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	108.7882	(24.1%)	7.1%
STG Pound	146.1062	(3.1%)	8.7%
EURO	133.7318	(0.9%)	17.5%

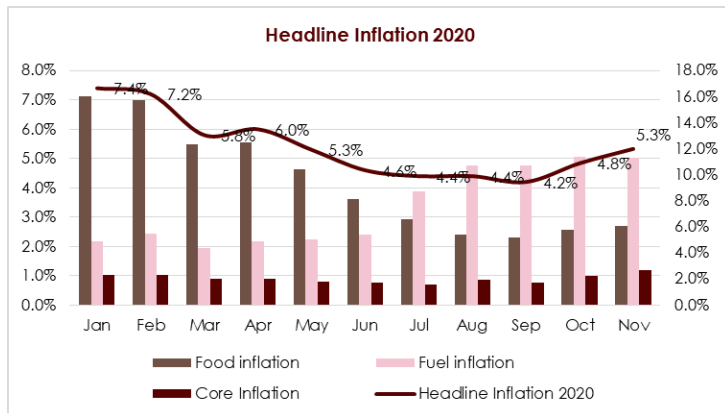
Source: CBK; Negative () = Depreciation, Positive = Appreciation

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

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%	0.5%	7,403,300	45.9%	4.59	9.5%	0.89	20.7%
Equity Bank	34.65	-35.2%	0.3%	7,371,300	51.5%	5.80	0.0%	1.17	21.8%
NCBA	24.50	-33.5%	4.3%	164,700	41.9%	2.82	0.0%	0.55	15.3%
Stanbic	79.00	-27.7%	-3.7%	9,600	56.2%	4.89	8.9%	0.64	13.6%
Absa Bank Kenya Plc	9.62	-27.9%	5.0%	794,200	51.2%	7.01	11.4%	1.16	16.7%
Housing Finance Co-operative Bank	3.16	-51.1%	-2.5%	32,900	93.8%	N/M	0.0%	0.11	-1.1%
Diamond Trust Bank	11.90	-27.2%	1.7%	392,200	52.1%	4.88	8.4%	0.88	19.2%
Standard Chartered	72.50	-33.5%	7.8%	32,400	48.6%	2.99	3.7%	0.34	12.1%
I&M	145.00	-28.4%	-1.5%	208,000	55.6%	6.05	5.2%	1.04	17.5%
Sector Average					53.6%	4.52	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	15.90	-60.1%	2.6%	117,100	3.53	9.4%	4.5	10.9%
WPP Scangroup	6.00	-65.1%	-0.3%	498,500	5.36	8.3%	1.12	6.0%
Uchumi Supermarket	0.30	3.4%	3.4%	300,800	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.85	-28.3%	1.0%	11,100	7.13	10.7%	0.68	17.3%
Eveready	1.22	10.9%	1.7%	41,600	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	37.90	-52.6%	8.3%	579,900	15.47	0.0%	1.6%	2.1%
E.A. Portland Cement	11.00	-24.1%	7.3%	8,600	N/M	0.0%	0.0%	0.0%
Sector Average					15.47	0.0%	0.8%	1.0%

*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	4.69	-18.0%	3.8%	683,000	3.91	8.5%	1.20	4.2%
Kenya Power	1.56	-44.5%	1.3%	3,283,300	12.00	0.0%	0.13	0.4%
Total Kenya	23.45	-14.7%	0.2%	3,100	5.82	5.5%	4.03	10.8%
Sector Average					7.24	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	2.11	-21.3%	2.9%	41,400	0.27	17.58	69.8%	34.4%
Britam	7.18	-20.2%	2.3%	24,000	0.25	5.09	65.3%	37.2%
Jubilee	283.25	-19.3%	-0.6%	7,800	10.09	5.40	91.9%	46.2%
Kenya Re	2.36	-22.1%	4.9%	1,012,200	0.08	0.93	71.2%	13.1%
Sanlam Kenya	12.95	-24.7%	9.7%	5,300.00	8.99	16.39	85.8%	35.5%
Liberty	7.82	-24.4%	6.3%	33,400.00	0.97	5.97	119.6%	48.7%
Sector Average					3.44	8.56	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	15.95	2.9%	2.9%	5,032,500	2.29	0.34	6.95	9.3%
Home Afrika Ltd	1.38	-30.0%	0.0%	174,900	N/M	N/M	N/M	2.6%
Trans-Century	1.38	-44.8%	12.2%	13,100.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.34		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	8.26	-33.1%	4.3%	306,900	27.53	3.4%	0.3	3.9%
Sector Average					27.53	3.4%		

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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	156.00	-21.4%	3.8%	575,900	30.17	1.9%	5.17	46.6%
FTG Holdings	1.25	-49.4%	0.0%	68,500	4.81	0.0%	0.26	4.8%
Carbacid	11.90	48.8%	3.5%	190,600	9.37	5.9%	1.27	10.0%
BAT	385.00	-23.0%	-1.3%	177,700	9.91	8.7%	38.85	40.8%
Sector Average					13.57	3.3%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	34.00	7.9%	1.3%	11,999,300	18.28	4.1%	1.86	51.8%
Sector Average					18.28	4.1%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.56	-41.0%	-0.4%	62,100	20.80	13.49%	0.83
Sector Average						NA	

*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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