



Weekly Report

Week 52

Week Ending Friday, December 31, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	36,338.30	(18.4%)	19.6%
S&P 500	4,766.18	0.9%	27.6%
NASDAQ 100	16,320.08	0.1%	27.0%
DAX	15,884.86	0.8%	15.8%
FTSE 100	7,384.54	0.2%	14.3%
EURO STOXX 50	4,298.41	1.0%	21.0%
Shanghai Composite	3,639.77	0.6%	4.8%
NIKKEI 225	28,791.71	0.0%	4.9%
Commodities			
Brent Oil (USD/bbl.)	77.78	2.2%	52.2%
Gold (USD/Oz)	1,892.20	1.0%	-3.6%

Source: Bloomberg, NSE; *As at 6:00 PM EAT

Most of the equity indices rose during the week. The S&P 500 rose buoyed by lower unemployment claims. Oil (brent crude) edged up in the week supported by stable demand even as Omicron infections rose.

Equities Market

Equity Market Commentary

The All Share Index (NASI) eased by 2.4% while the NSE20 remained flat w-o-w to close the week at 166.46 and 1,902.57 respectively. Equity turnover fell by 60.4% to KES 0.7 billion and the volume traded declined by 52.8% to 22.2 million. Notable price gains in the week included; Equity (8.8% w/w to KES 52.75), Britam (6.5% w/w to KES 7.50), Co-op (4.0% w/w to KES 12.95), Bamburi (3.8% w/w to KES 38.00), BK (3.6% w/w to KES 29.00) and Absa (2.6% w/w to KES 11.85). Safaricom's price fell by 5.1% 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	166.46	170.57	(2.4%)	9.4%
NSE 20	1,902.57	1,901.97	0.0%	1.8%
NSE 25	3,743.90	3,759.84	(0.4%)	9.6%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,592.92	2,657.06	(2.4%)
Volume (Mn)	22.2	46.9	(52.8%)
Equity Turnover (KES Mn)	686.09	1,734.15	(60.4%)

Source: NSE

Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	NBV	6.06	13.1%	41.6%
2.	Olympia	2.00	12.4%	(9.1%)
3.	EAPC	6.66	9.9%	39.5%
4.	Equity	52.75	8.8%	44.3%
5.	Kapchorua Tea	95.50	7.3%	22.4%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Sasini	18.70	(14.6%)	(4.1%)
2.	Transcentury	1.17	(10.0%)	(19.3%)
3.	Standard Group	13.55	(9.4%)	(39.8%)
4.	NMG	18.45	(7.5%)	19.4%
5.	Flame Tree	1.26	(6.7%)	2.4%

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	37.95	362.91
2.	EABL	165.00	126.97
3.	KCB	45.45	69.37
4.	Centum	14.10	51.62
5.	Equity	52.75	26.45

Source: NSE and Faida Investment Bank Analysis

In the News

Equity Markets Overview 2021

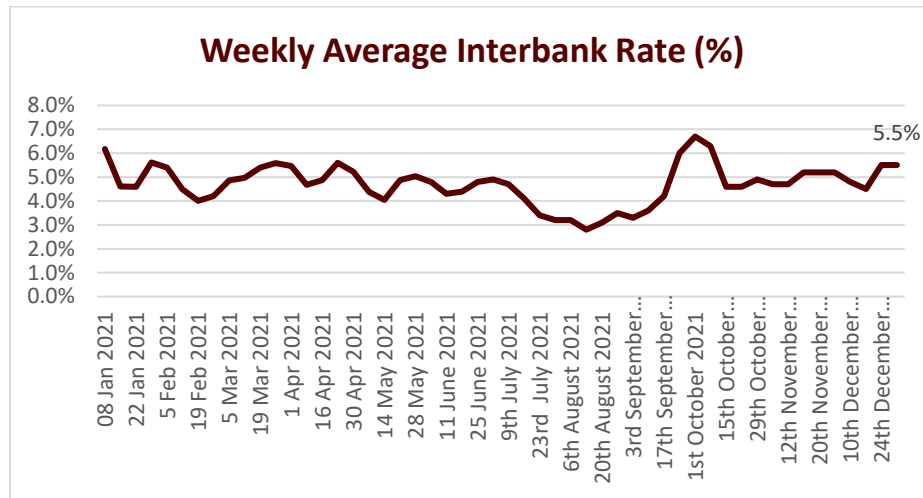
In 2021 the NASI, NSE20 and NSE25 rose by 9.4%, 1.8% and 9.6% to 166.46, 1902.57 and 3,759.84 respectively as at 31st December 2021. This is an improvement compared to 2020, where prices on most counters declined significantly into bear market territory weighed down by uncertainties arising from the COVID-19 pandemic. The NASI, NSE20 and NSE25 declined by 8.6%, 29.6%, 16.7% to 152.11, 1,868.39 and 3,415.24 respectively at 31st December 2020.

Investor concerns on the omicron variant saw the NASI decline to a 7-month low of 157.53 on 7th December 2021. The variant concerns eased by mid-month with evidence indicating the Omicron variant, although more transmissible, is milder than the Delta variant - the NASI rose as a result to a high of 170.57 on 24th December 2021

We note that infection rates have recently been on the rise (to 29.6% on 20th December from 6.5% on 13th December). The government remains focused on increasing COVID-19 vaccination rates with an aim to have all adults vaccinated by June 2022. We opine that higher vaccination rates will lessen the need for strict COVID-19 restrictions and support economic recovery.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

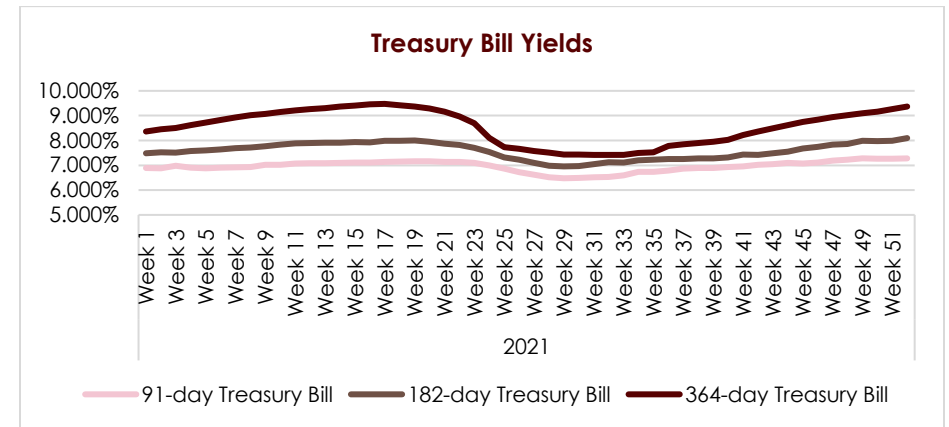
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	0.6	14.31%	0.6	7.271%	0.01%
182 day	10.0	2.3	23.20%	2.3	8.095%	0.01%
364 day	10.0	4.9	49.36%	5.0	9.367%	0.10%
Total	24.0	7.8	32.62%	7.8		

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

Source: CBK

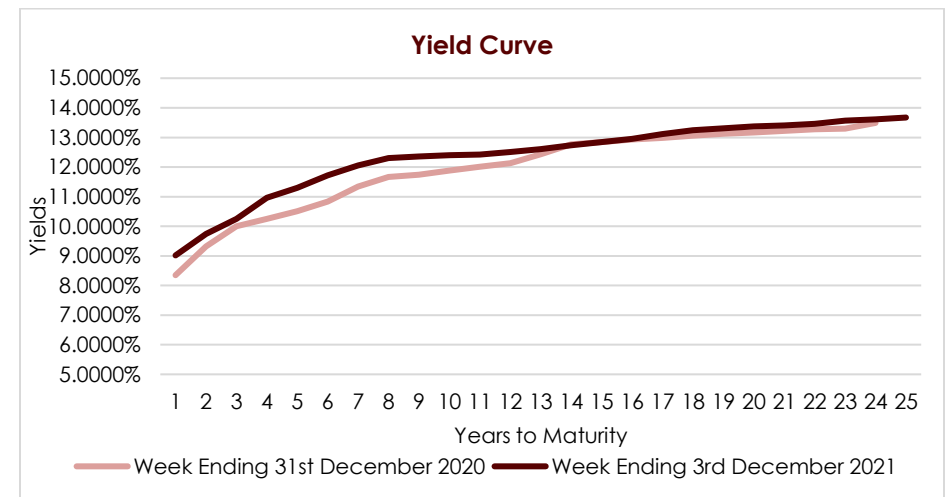
Treasury bills were undersubscribed in this week's auction. The total subscription rate was higher at 32.62% compared to last week's 26.60%. The 364-day bill had the highest subscription rate this week at 49.36%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

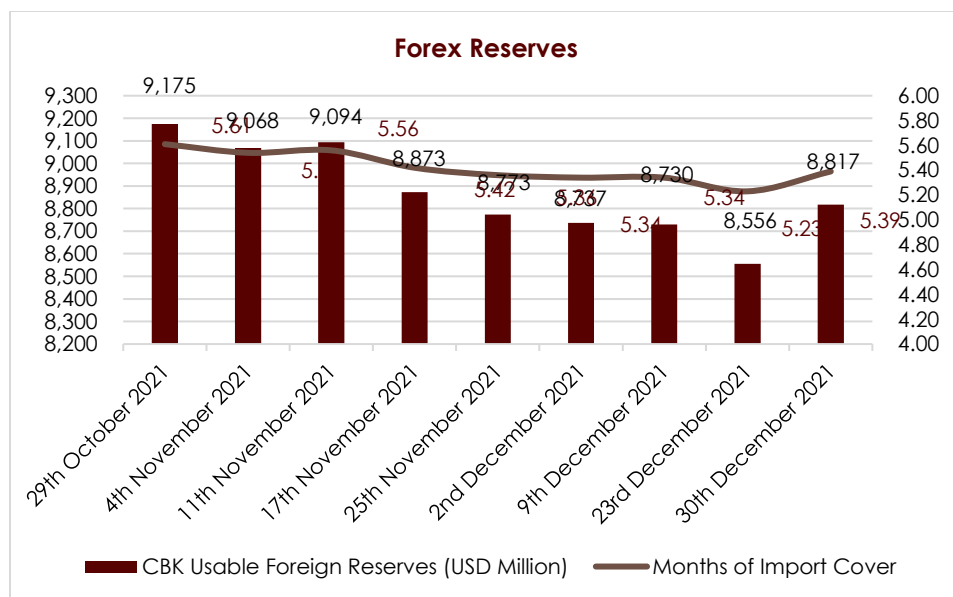
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	113.1412	(0.1%)	(3.6%)
STG Pound	152.0538	(0.7%)	(2.5%)
EURO	127.9932	(0.0%)	4.4%

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

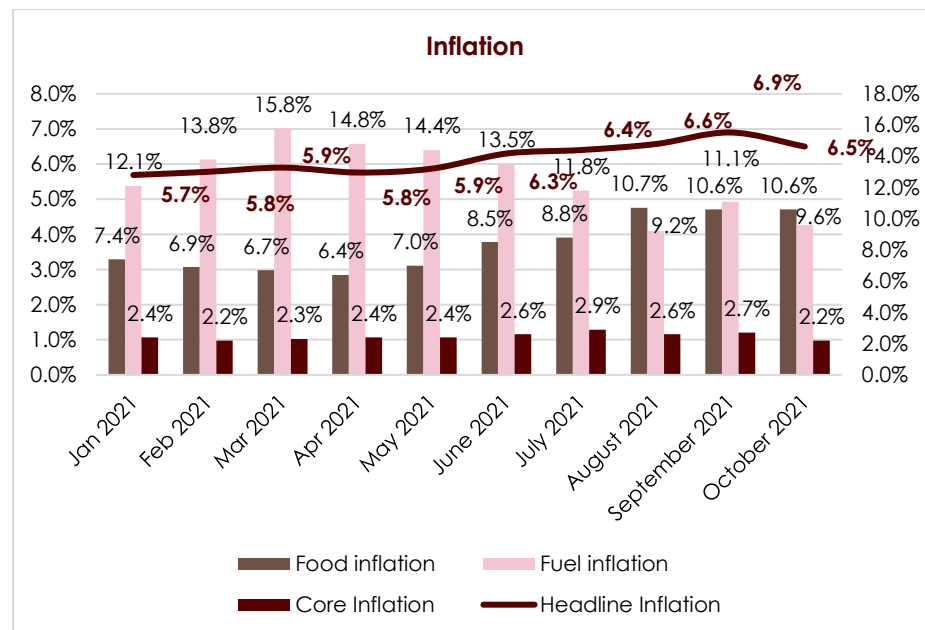
During the week, the Kenya Shilling depreciated against the US Dollar, Euro and the STG Pound.

Forex Reserves



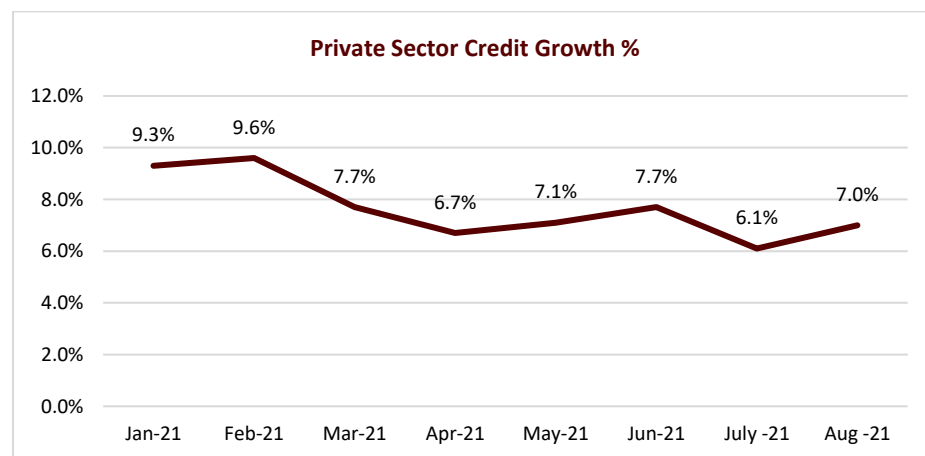
Source: CBK

Inflation



Source: KNBS

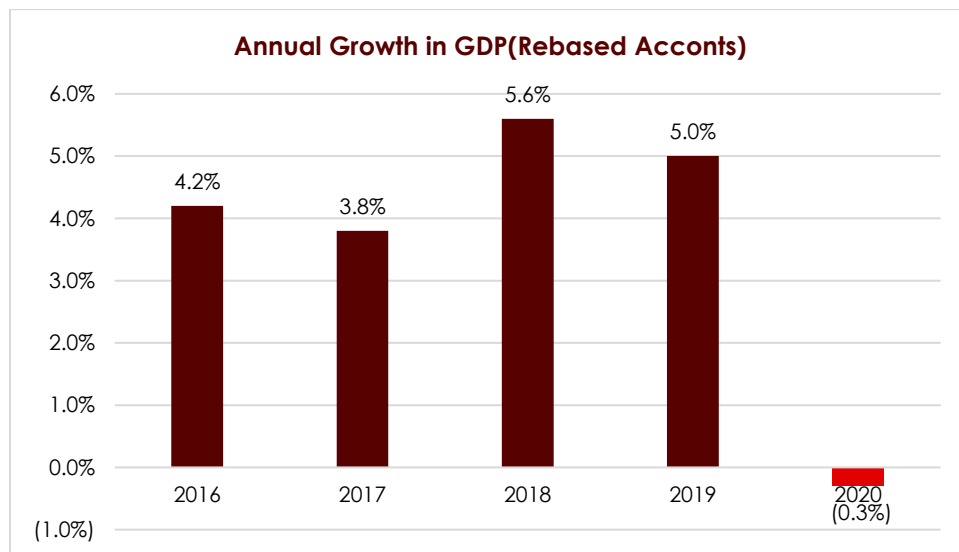
Credit Growth



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

MAX raises \$31.0 Million in Funding

Metro Africa Xpress (MAX), a Nigerian startup, has raised \$31.0 million in Series B funding. The firm was founded in 2015 and is a vehicle subscription platform for low-to-zero emission vehicles. The equity round was led by Lightrock and included the participation of new investors such as Proparco – the French development finance institution. The funding will be used to forinternational 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	45.45	19.3%	0.6%	1,535,900	44.3%	6.66	2.2%	1.11	15.4%
Equity Bank	52.75	44.3%	8.8%	519,400	48.5%	11.34	0.0%	1.34	13.0%
NCBA	25.20	-5.8%	-2.1%	70,300	43.1%	2.90	6.9%	0.54	6.5%
Stanbic	87.25	2.6%	-5.2%	4,900	48.9%	9.85	4.4%	0.70	6.8%
Absa Bank Kenya Plc	11.85	22.7%	2.6%	851,500	44.6%	11.55	0.0%	1.24	11.7%
Housing Finance	3.90	17.5%	0.0%	111,700	120.9%	N/M	0.0%	0.17	-3.8%
Co-operative Bank	12.95	3.6%	4.0%	284,900	49.9%	10.32	7.7%	0.95	8.5%
Diamond Trust Bank	59.50	-20.7%	0.0%	18,900	38.2%	5.74	4.5%	0.25	4.6%
Standard Chartered	128.25	-11.1%	0.2%	73,500	47.3%	12.21	8.2%	0.85	9.4%
I&M	21.10	-53.1%	-1.9%	19,200	48.1%	4.32	12.1%	0.30	6.5%
Sector Average					53.4%	8.32	4.6%	0.74	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	18.45	19.4%	-7.5%	30,100	92.25	0.0%	0.2	1.7%
WPP Scangroup	4.14	-31.0%	2.2%	126,600	3.70	12.1%	1.12	6.0%
Uchumi Supermarket	0.24	-14.3%	4.3%	271,000	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	1.0%	72,000	5.88	13.0%	0.68	17.3%
Eveready	0.98	-18.3%	-1.0%	8,200	N/M	0.0%	-1.45	-10.8%
Sector Average					33.94	5.0%		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	38.00	0.4%	3.8%	28,500	15.51	7.9%	3.2%	3.8%
E.A. Portland Cement	6.66	-39.5%	9.9%	100	N/M	0.0%	0.0%	0.0%
Sector Average					15.51	3.9%	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	4.19	-11.0%	-1.2%	322,900	1.50	7.2%	2.79	9.0%
Kenya Power	1.75	2.3%	0.6%	1,063,500	N/M	0.0%	N/M	N/M
Total Kenya	25.00	4.2%	0.2%	20,800	6.20	5.2%	4.03	10.8%
Sector Average					3.85	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	2.21	3.8%	0.5%	167,500	0.76	N/M	71.4%	34.6%
Britam	7.50	3.3%	6.5%	107,400	0.96	N/M	80.6%	58.1%
Jubilee	316.75	11.5%	2.1%	800	0.70	6.03	101.3%	44.2%
Kenya Re	2.30	-0.9%	0.4%	915,700	0.05	2.19	67.7%	8.9%
Sanlam Kenya	11.55	-10.8%	0.0%	-	1.26	14.62	85.8%	35.5%
Liberty	7.00	-9.1%	-0.6%	18,100.00	0.45	5.34	119.6%	48.7%
Sector Average					0.69	7.05	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	0.0%	0.0%	3,645,200	2.03	0.30	6.95	9.3%
Home Afrika Ltd	1.17	-4.8%	0.0%	494,100	N/M	N/M	N/M	2.6%
Trans-Century	1.17	-19.3%	-10.0%	13,800.00	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	8.00	-2.0%	-5.0%	386,900	26.67	3.5%	0.3	3.9%
Sector Average					26.67	3.5%		

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	165.00	7.0%	-1.8%	759,200	31.91	1.8%	5.17	46.6%
FTG Holdings	1.26	2.4%	-6.7%	23,600	4.85	0.0%	0.26	4.8%
Carbacid	11.00	-9.1%	0.0%	15,800	8.66	6.4%	1.27	10.0%
BAT	441.50	22.3%	0.3%	9,700	8.00	10.2%	55.18	51.2%
Sector Average					13.36	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	37.95	10.8%	-5.1%	9,529,000	22.19	3.6%	1.71	49.9%
Sector Average					22.19	3.6%		

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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	6.26	12.6%	-3.4%	41,700	20.86	11.82%	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
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