

## Global Markets

Index	Last Price *	Weekly Change%	YTD%
DJI	30,392.64	0.6%	6.5%
S&P 500	3,734.79	0.9%	15.6%
NASDAQ-100	12,854.92	1.1%	47.2%
DAX	13,718.78	1.0%	3.5%
FTSE 100	6,460.52	(0.6%)	(14.3%)
Euro Stoxx 50	3,552.64	0.3%	(5.1%)
Shanghai Composite	3,473.07	3.3%	13.9%
NIKKEI 225	27,441.17	2.9%	16.0%
NSEASI	152.11	1.3%	(8.6%)
NSE 20 Share	1,868.39	1.6%	(29.6%)
NSE 25 Share	3,415.24	2.1%	(16.7%)
Commodities			
BRENT Oil (USD/bbl.)	51.12	(0.3%)	(22.5%)
GOLD SPOT (USD/Oz)	1,897.95	1.0%	24.6%

Source: NSE, Bloomberg; \*As at 6.44PM EAT

Majority of the global equity indices remained relatively flat on a week-on-week basis, even as they traded near record highs. US markets showed little response to unemployment data released during the week revealing a modest improvement in unemployment. The S&P 500 and NASDAQ 100 are slated to close the year on a strong note on the back of anticipated vaccine distribution in 2021, central bank & government support which are all expected to catalyze economic growth.

## Equities Market

### Market Commentary

The All Share and NSE 20 Indices gained by 1.3% and 1.6% w-o-w to close the week at 152.11 and 1,868.39 respectively. Market turnover declined by 65.8% w-o-w to KES 466.9 million while the volume of shares traded declined by 483% to 23.0 million. Market capitalization closed the week at KES 2,336.7 billion, 1.3% higher than the previous week at KES 2,306.99 billion. The week's net foreign inflow stood at KES 80.5 million from the previous week's outflow of KES 179.2 million.

Annually, NASI shed 8.5% to close the year at 152.11. The NSE 20 share index was down 29.6% and closed the year at 1868.39. The NSE 25 share index declined 16.7% to close at 3415.24. Equity turnover declined by 3.3% to Kes.148 billion from Kes.153 billion posted as at 2019. Annual trading volumes increased to Kes.5.2 billion shares; up from 4.8 billion. The Market capitalization declined by 8.0% to close at 2.33 trillion against 2.5trillion posted last year. During the year, Safaricom

was the top performing counter accounting for 48.2% of the total turnover. The Banking sector came in second with 38.0% and Manufacturing sector third at 9.8%. The top three sectors cumulatively accounted for 96.2% of the total market turnover.

	Previous Week	This Week	Weekly Change
Market Capitalization (KES Bn)	2,307	2,337	1.3%
Number of Shares Traded (M)	44.58	23.09	-48.2%
Equity Turnover Mn (KES)	1,365	468	-65.75%
Foreign Buys (%)	25.2%	14.4%	
Foreign Sells (%)	33.0%	10.9%	
Foreign Participation (%)	49.2%	63.3%	

## Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
KenGen	Long Term Buy	4.71	0.4%	(17.7%)
Kenya RE	Hold	2.32	(1.7%)	(23.4%)

## Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Express Kenya	3.61	21.1%	(47.2%)	13,400
Sameer Africa	3.25	10.5%	(5.8%)	20,500
Olympia	2.20	10.0%	(9.5%)	2,800
Kapchorua	78.00	9.9%	(2.5%)	200
Kenya Power	1.71	9.6%	(39.1%)	3,213,400

Top Losers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Uchumi	0.28	(6.7%)	(3.4%)	1,580,800
BAT Kenya	361.00	(6.2%)	(27.8%)	3,100
Nation Media	15.45	(2.8%)	(61.2%)	109,700
Kenya Re	2.32	(1.7%)	(23.4%)	389,200
Everready	1.20	(1.6%)	9.1%	30,700

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## News Highlights

### DTB Issues Profit Warning for FY2020 Earnings

The Board of Directors of Diamond Trust Bank (DTB) Group has announced that it expects DTB's earnings for the FY2019 to be substantially lower than the earnings realized in FY2019, based on the estimates provided by its full year forecasts. According to the Capital Markets Regulations, listed companies are required to issue profit warnings when they expect projected earnings for the current financial year to be at least 25.0% lower than the earnings realized in the preceding financial year.

This implies that DTB expects earnings for FY2020 to be at least 25.0% lower in comparison to the after tax profit of KES 6.8 billion recorded in FY2019. DTB attributes the expected decrease in profitability to an increase in impairment provisions, restructured loans and delayed repayments associated with the financial distress brought on by the COVID-19 pandemic.

DTB, however, anticipates improved performance in future supported by its current long-term strategy (omnichannel banking proposition, innovation) and several initiatives put in place to enhance performance.

### Commentary

We expect most banks to face a similar predicament in respect of FY2020 results. Other banks that have issued profit warnings due to the difficult operating environment include: Absa, KCB Group, HF Group, Standard Chartered and I&M. Going forward, we anticipate the asset quality challenges (brought on by the pandemic) faced by banks to persist in FY2021. Moreover, with the suspension of charges for transfers between mobile money wallets and bank accounts we expected non-funded income to continue coming under pressure.

## Corporate Finance

### Damu-Sasa raises \$20,000 Grant Funding

Damu-Sasa, a Kenyan e-health startup, has raised \$20,000 in grant funding from Villgro Africa – an early stage business incubator that offers mentoring, funding and access to networks to startups in the healthcare and sciences sector. The Kenyan startup helps hospitals to source blood from donors and from each other. Further, it also provides screening, preparation of blood products and inventory and transfusions management. In addition to the funding, Villgro will offer Damu-Sasa technical assistance to enhance the startup's capacity with regard to Covid-19 blood management capabilities and ongoing fundraising efforts. According to management, the partnership will enable the firm to address key concerns occasioned by the pandemic, improve potential blood donor numbers and alleviate – to the degree possible - perennial blood shortages. We opine Villgro's support will boost the Kenyan health system given it has already funded 11 other healthcare startups in line with its efforts to mitigate the spread of Covid-19.

## Fixed Income Market

### Treasury Bill Auction Results

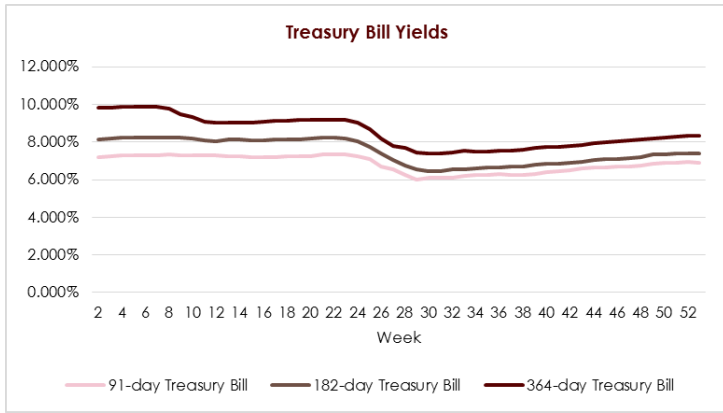
	Amount Offered	Bids Received	Subscription %	Bids Accepted	Yield (%)	Change (bps)
91 day	4.0	0.67	16.72%	0.67	6.906%	(2.3)
182 day	10.0	0.56	5.65%	0.56	7.400%	(0.3)
364 day	10.0	3.95	39.54%	3.95	8.348%	1.0
<b>Total</b>	<b>24.0</b>	<b>5.19</b>	<b>21.62%</b>	<b>5.19</b>		

Source: CBK

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

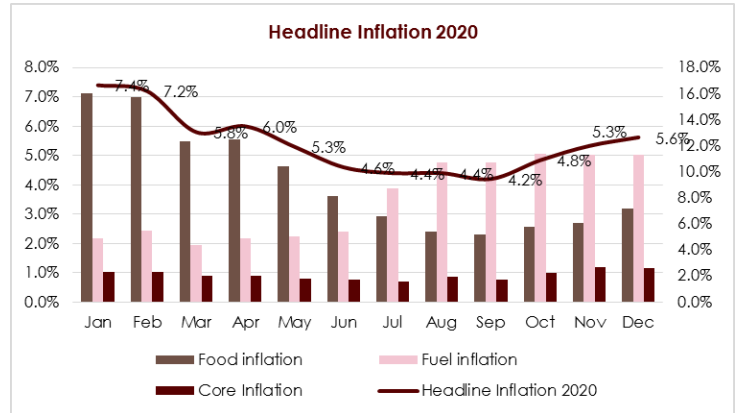
Treasury bills were undersubscribed during the week's auction – the total subscription rate was 21.62%, down from last week's 52.81%. The 364 day paper had the highest subscription rate this week, at 39.54%, followed by the 91 day paper whose subscription rate was 16.72%.

Treasury Bill Yields



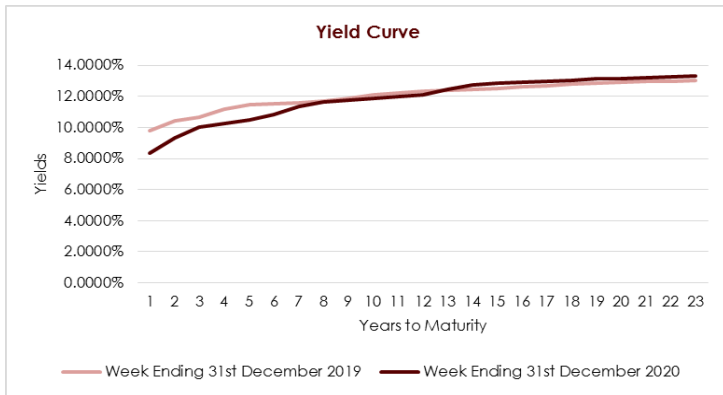
Source: CBK

Inflation



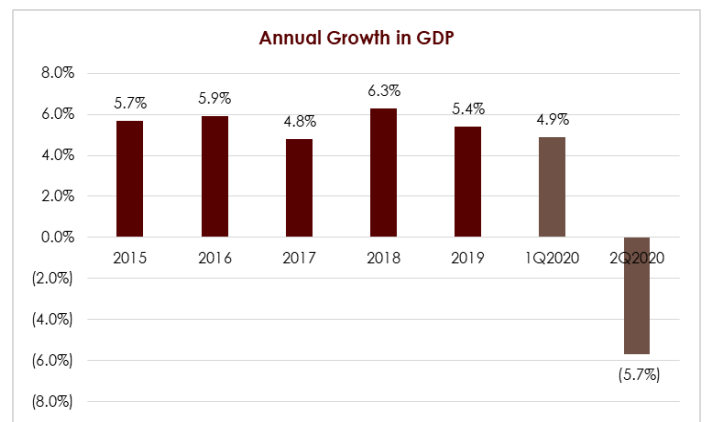
Source: KNBS

Government Securities Yield Curve



Source: NSE

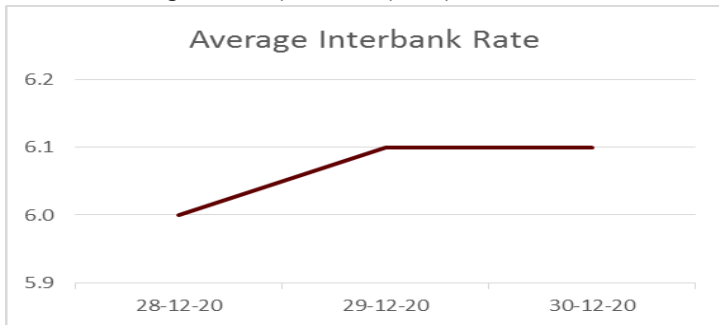
Gross Domestic Product (GDP)



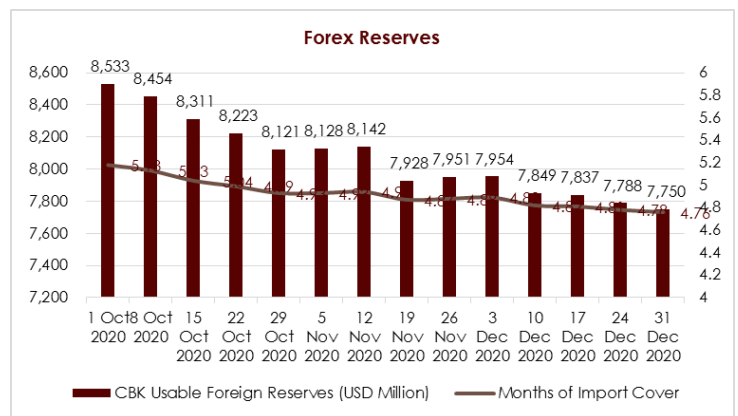
Source: KNBS

Interbank Rate

The average interbank rose during the week from 6.0% to 6.1% indicating relatively lower liquidity.



Forex Reserves



Macroeconomic Indicators

Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	109.1718	0.3%	7.4%
STG Pound	148.3570	1.5%	10.4%
EURO	133.8950	0.1%	17.7%

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

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## 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	38.10	-29.4%	3.0%	1,274,200	45.9%	4.73	9.2%	0.92	20.7%
Equity Bank	36.55	-31.7%	5.5%	854,600	51.5%	6.11	0.0%	1.23	21.8%
NCBA	26.75	-27.4%	9.2%	339,200	41.9%	3.08	0.0%	0.60	15.3%
Stanbic	85.00	-22.2%	7.6%	3,500	56.2%	5.27	8.3%	0.69	13.6%
Absa Bank									
Kenya Plc	9.66	-27.6%	0.4%	201,300	51.2%	7.04	11.4%	1.16	16.7%
Housing Finance	3.32	-48.6%	5.1%	75,000	93.8%	N/M	0.0%	0.11	-1.1%
Co-operative Bank	12.50	-23.5%	5.0%	2,488,000	52.1%	5.12	8.0%	0.92	19.2%
Diamond Trust Bank	75.00	-31.2%	3.4%	12,600	48.6%	3.09	3.6%	0.36	12.1%
Standard Chartered	144.25	-28.8%	-0.5%	78,500	55.6%	6.02	5.2%	1.04	17.5%
I&M	45.00	-16.7%	3.7%	2,400	39.0%	1.73	5.7%	0.32	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.69</b>	<b>5.1%</b>	<b>0.73</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	15.45	-61.2%	-2.8%	109,700	3.43	9.7%	4.5	10.9%
WPP Scangroup	6.00	-65.1%	0.0%	415,000	5.36	8.3%	1.12	6.0%
Uchumi								
Supermarket Longhorn	0.28	-3.4%	-6.7%	1,580,800	N/M	0.0%	-4.6	N/M
Publishers	4.88	-27.8%	0.6%	10,000	7.18	10.7%	0.68	17.3%
Eveready	1.20	9.1%	-1.6%	30,700	N/M	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.32</b>	<b>5.7%</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	37.85	-52.7%	-0.1%	141,900	15.45	0.0%	1.6%	2.1%
E.A. Portland Cement	11.00	-24.1%	0.0%	800	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>15.45</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	4.71	-17.7%	0.4%	2,326,200	3.93	8.5%	1.20	4.2%
Kenya Power	1.71	-39.1%	9.6%	3,213,400	13.15	0.0%	0.13	0.4%
Total Kenya	24.00	-12.7%	2.3%	6,000	5.96	5.4%	4.03	10.8%
<b>Sector Average</b>					<b>7.68</b>	<b>4.2%</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	2.13	-20.5%	0.9%	95,000	0.27	17.75	69.8%	34.4%
Britam	7.26	-19.3%	1.1%	45,400	0.25	5.15	65.3%	37.2%
Jubilee	284.00	-19.1%	0.3%	4,700	10.12	5.41	91.9%	46.2%
Kenya Re	2.32	-23.4%	-1.7%	389,200	0.08	0.91	71.2%	13.1%
Sanlam Kenya	12.95	-24.7%	0.0%	1,300.00	8.99	16.39	85.8%	35.5%
Liberty	7.70	-25.6%	-1.5%	22,700.00	0.96	5.88	119.6%	48.7%
<b>Sector Average</b>					<b>3.45</b>	<b>8.58</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	16.05	0.6%	0.6%	332,500	2.31	0.34	6.95	9.3%
Home Afrika Ltd	1.45	-30.0%	0.0%	150,700	N/M	N/M	N/M	2.6%
Trans-Century	1.45	-42.0%	5.1%	44,600.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.34</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	8.16	-33.9%	-1.2%	29,100	27.20	3.4%	0.3	3.9%
<b>Sector Average</b>					<b>27.20</b>	<b>3.4%</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	154.25	-22.3%	-1.1%	123,400	29.84	1.9%	5.17	46.6%
FTG Holdings	1.23	-50.2%	-1.6%	5,200	4.73	0.0%	0.26	4.8%
Carbacid	12.10	51.3%	1.7%	167,000	9.53	5.8%	1.27	10.0%
BAT	361.00	-27.8%	-6.2%	3,100	9.29	9.3%	38.85	40.8%
<b>Sector Average</b>					<b>13.35</b>	<b>3.4%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	34.25	8.7%	0.7%	8,093,000	18.41	4.1%	1.86	51.8%
<b>Sector Average</b>					<b>18.41</b>	<b>4.1%</b>		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.64	-40.1%	1.4%	67,100	20.80	13.30%	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
<b>Kapchorua Tea Kenya</b>	Final dividend	Kes. 10.00	17-Jul-20	30-Jul-20	Subject to Approval
<b>Williamson Tea Kenya</b>	Final dividend	Kes. 20.00	17-Jul-20	18-Aug-20	Subject to Approval
<b>Carbacid Investments PLCS</b>	Final dividend	Kes. 0.70	23-Nov-20	09-Jan-21	29-Jan-21

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