Weekly Market Report

Week 6

Week Ending on Friday, February 9th 2024

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Weekly Highlights

Commercial Banks Record Rising Loan Defaults

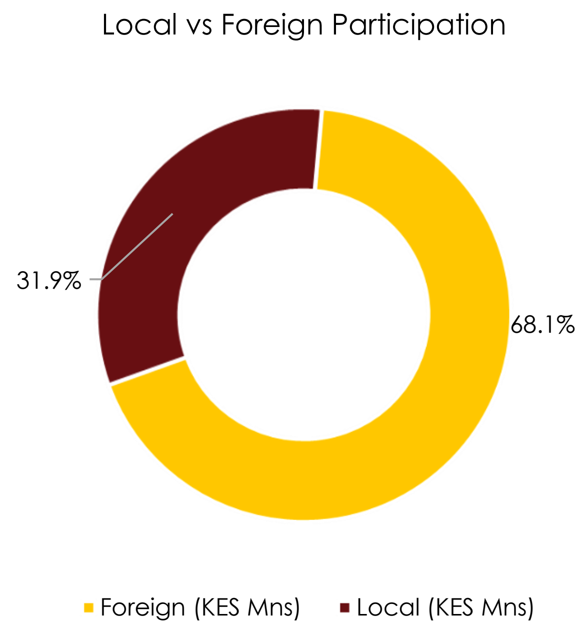
Data from the National Treasury showed that loan defaults increased from KES 487.7 billion to KES 621.3 billion in the financial year ended December 2023. The current levels are higher than those recorded during the pandemic disruptions and put the banking sector at continued risk of reducing profitability.

The bulk of these loan defaults are from the manufacturing and trading sector (40%) and this highlights the reduced ease of doing business. Moreover, shrinking customer wallets contributes to the rising defaults.

This comes at a time when the Central Bank Rate was adjusted to 13.0% and we expect banks to reprice loans upwards. While this has the potential of commercial banks reporting increased interest income from loans and advances, Non-Performing Loans (NPL) ratios are also expected to rise.

Equities Market

Foreign vs Local Investor Participation as at February 9th 2024



	Foreign (KES Mns)	Local (KES Mns)
Friday, February 09, 2024	683.76	319.87
Participation	68.1%	31.9%

Source: Nairobi Securities Exchange

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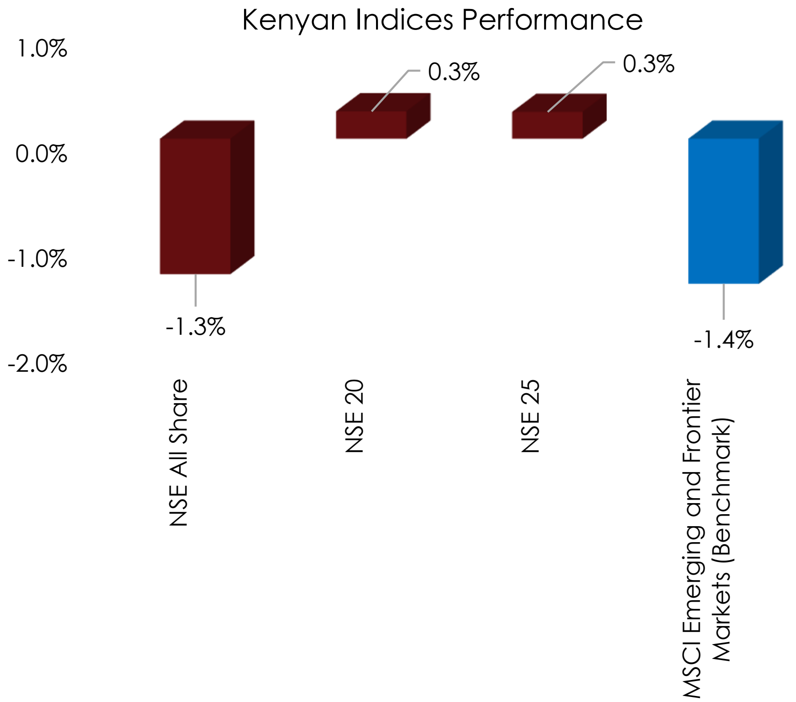
Equities Market Commentary

	This Week	Past Week	w-o-w Change	YTD Change
NSE All Share	91.18	92.37	-1.3%	-1.0%
NSE 20	1,516.50	1,512.56	0.3%	1.0%
NSE 25	2,415.45	2,409.30	0.3%	2.0%
Benchmark	640.24	649.20	-1.4%	1.0%

The NSE All Share Index's rally ended last week (NASI) as the index recorded a 1.3% slide to close the week at 91.18. However, the NSE 20 Index recorded a 0.3% jump during the week to close at 1,516.50. Similarly, the NSE 25 Index enjoyed a strong week increasing in value by 0.3% to end the period at 2,415.45.



Source: Nairobi Securities Exchange and Bloomberg

	This Week	Past Week	w-o-w Change
Market Capitalization (KES Bns)	1,424.62	1,443.19	-1.3%
Volume Traded (Mns)	51.16	46.50	10.0%
Equity Turnover (KES Mns)	1,003.63	839.45	19.6%

Source: Nairobi Securities Exchange and Bloomberg

The volume of shares traded recorded a 10.0% increase in transactional volume to close the week at 51.16 million. The equity turnover also increased by 19.6% during the week to close at KES 1.00 billion.

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Equities Performance

Top Gainers	Last Week	Previous Week	Weekly Change	QTD	YTD
TransCentury	0.49	0.45	8.9%	-5.8%	-5.8%
HF Group	3.79	3.53	7.4%	8.9%	8.9%
ScanGroup	2.52	2.35	7.2%	15.6%	15.6%
Kakuzi	385.00	364.00	5.8%	0.0%	0.0%
Jubilee	190.00	180.25	5.4%	2.7%	2.7%

Source: Nairobi Securities Exchange

Top Movers	Last Week	Previous Week	Turnover (KES Mns)
Equity	37.45	38.15	419.93
Safaricom	13.05	13.50	313.75
EABL	114.25	113.50	77.66
Absa	12.05	11.85	27.18
Stanbic	115.00	110.00	20.85

Source: Nairobi Securities Exchange

Top Losers	Last Week	Previous Week	Weekly Change	QTD	YTD
Sasini	20.00	21.95	-8.9%	0.0%	0.0%
Home Afrika	0.32	0.35	-8.6%	-13.5%	-13.5%
Umeme	14.50	15.50	-6.5%	-9.4%	-9.4%
Britam	4.70	5.00	-6.0%	-1.9%	-1.9%
Fahari I-REIT	5.68	6.04	-6.0%	-9.8%	-9.8%

Source: Nairobi Securities Exchange

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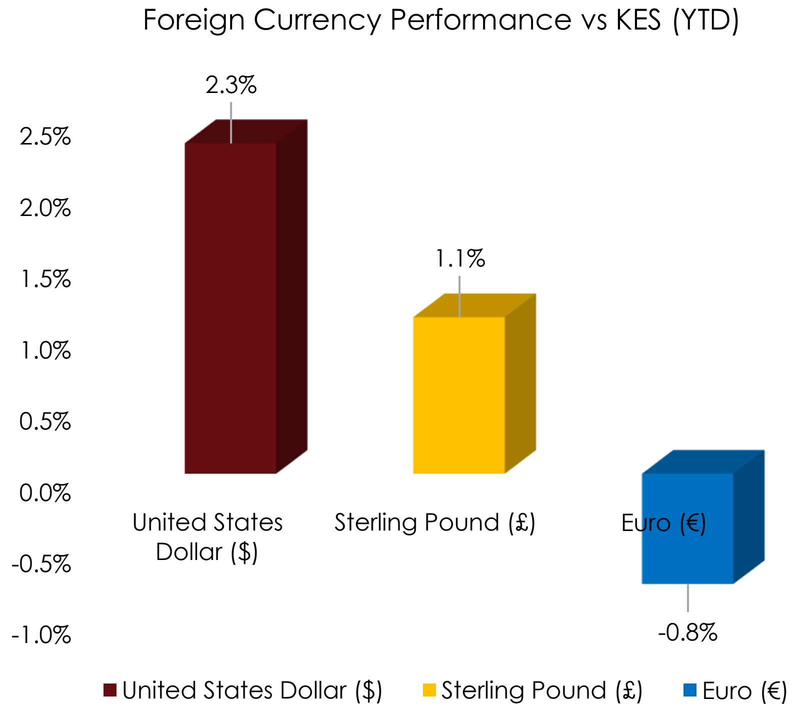
Exchange Rate

During the week, the Kenya Shilling appreciated against all major global currencies. In particular, against the US Dollar, the KES recorded a 0.3% appreciation.

	This Week	Past Week	w-o-w Change	QTD Change	YTD Change
United States Dollar ($)	160.1	160.6	-0.3%	2.3%	2.3%
Sterling Pound (£)	202.0	203.3	-0.6%	1.1%	1.1%
Euro (€)	172.4	173.7	-0.7%	-0.8%	-0.8%

Source: Central Bank of Kenya; Positive = KES Depreciation, Negative; KES Appreciation



Global Markets

	This Week	w-o-w Change	YTD Change
Dow Jones Index	38,671.69	-1.3%	-1.0%
S&P 500 Index	5,026.61	0.3%	1.0%
Nasdaq 100 Index	17,962.40	-1.4%	1.0%
DAX Index	16,926.50	0.0%	2.6%
FTSE 100 Index	7,572.58	1.4%	5.4%
Eurostoxx 50 Index	4,715.87	1.8%	6.8%
Shanghai Composite	2,865.90	0.0%	1.0%
Nikkei 225 Index	36,897.42	-0.6%	-2.1%

Source: Bloomberg

Most global equities experienced a rally during the week, the largest jump being recorded in the Eurostoxx 50 Index by 1.8%.

Commodities

During the week, oil commodity prices edged upwards. In particular, Murban Crude Prices which the Energy and Petroleum Regulatory Authority (EPRA) uses to calculate pump prices increased by 5.2%.

However, gold prices exhibited a slight increase during the same period.

	This Week	w-o-w Change	YTD Change
Brent Crude Oil	82.19	6.3%	6.7%
Murban Crude Oil	81.67	5.2%	6.1%
Gold	2,024.26	-0.8%	-1.9%

Source: Bloomberg

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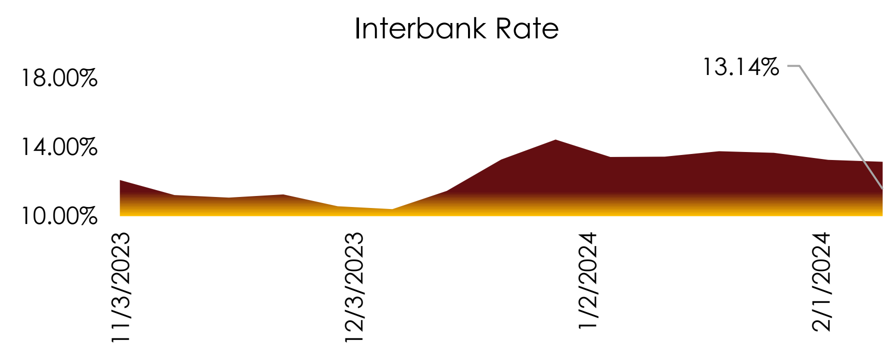
Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription	Bids Accepted	Yield	Subscription w-o-w
91-day	4.0	34.7	867.6%	33.3	16.45%	68.24%
182 - day	10.0	9.4	94.5%	9.4	16.63%	468.41%
364 - day	10.0	7.0	69.7%	6.1	16.86%	98.58%
Total	**24.0**	**51.1**	213.0%	**48.8**		98.14%

Source: Central Bank of Kenya

Overall, Treasury Bills were oversubscribed this week with a subscription rate of 213.0%. In particular, the 91-day T-Bill continues to be oversubscribed coming in at 867.6% showing investors' preference towards shorter-dated papers.

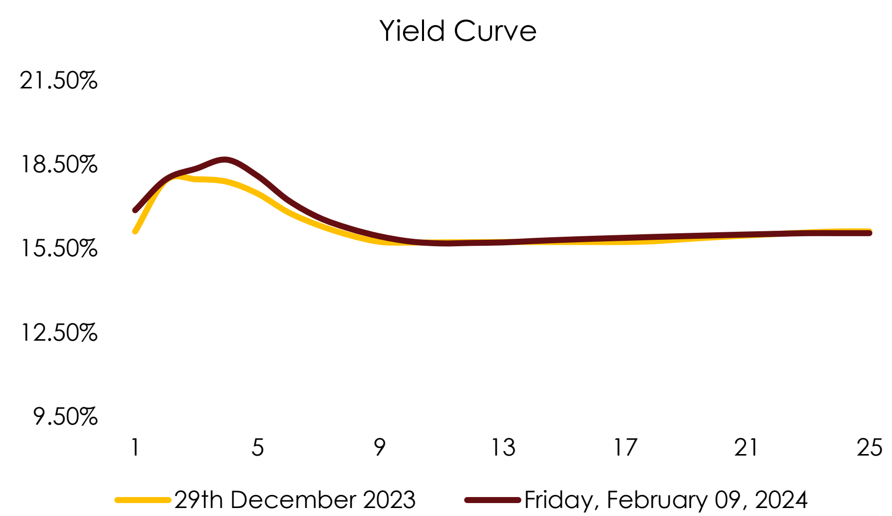
Interbank Rate



Source: Central Bank of Kenya

The Interbank Rate decreased slightly to 13.14% from 13.26% last week.

Yield Curve



Source: Nairobi Securities Exchange

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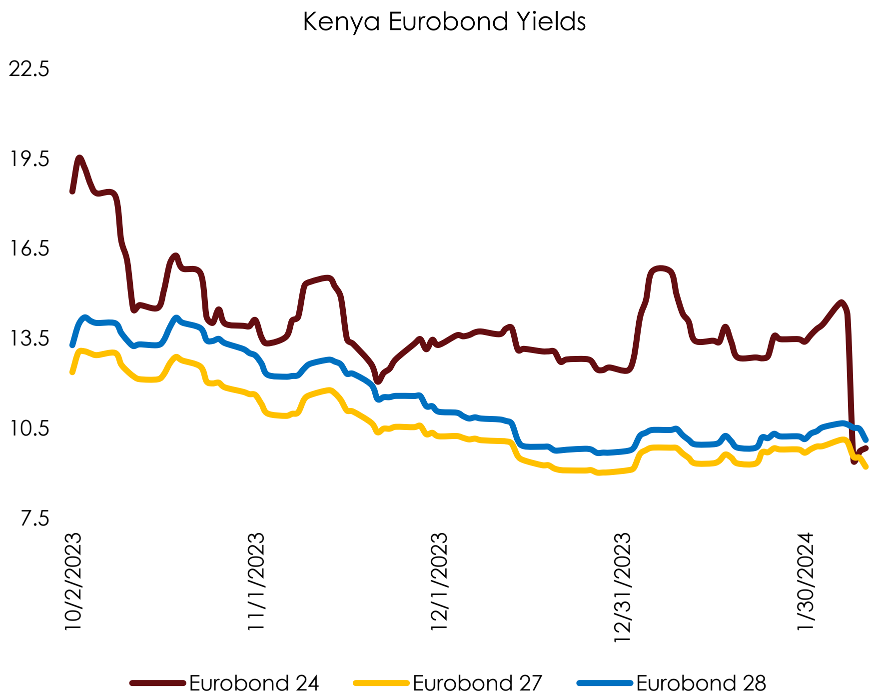
Kenya Outstanding Eurobonds Yield



Source: Bloomberg

Yields on Kenya's outstanding Eurobonds have been on a downward trend but still remain elevated. This is attributed to heightened market concerns over economic uncertainties and increased issuer-specific risks associated with Eurobond 24.

However, news of a planned buyback of the Eurobond 24 led to a sharp decrease in yields as highlighted in the graph above.

Recommendations

- **Absa** – Buy
- **Coop** - Buy
- **Stanbic** - Hold

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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Book Closure	Payment Date
EABL	Interim Dividend	1.00	26-Jan-2024	16-Feb-2024	26-Apr-2024
Sasini	Final Dividend	0.50	08-Jan-2024	22-Feb-2024	22-Mar-2024
Umeme Limited	Interim Dividend	0.94	21-Aug-2023	09-Feb-2024	29-Feb-2024
KenGen	Final Dividend	0.30	27-Oct-2023	30-Nov-2023	15-Feb-2024

Counter Statistics

Agricultural Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Eaagads	12.50	-0.8%	-10.4%	-10.4%	700	36.7	0.3	0.9
Kakuzi	385.00	5.8%	0.0%	0.0%	410	12.1	1.3	11.3
Kapchorua Tea	233.00	-0.4%	8.4%	8.4%	1,210	4.7	0.7	10.6
Limuru Tea	380.00	0.0%	0.0%	0.0%	10	139.6	4.8	3.5
Sasini	20.00	-8.9%	0.0%	0.0%	284,492	8.3	0.3	3.9
Williamson Tea	232.50	-0.6%	11.8%	11.8%	4,500	5.7	0.7	12.0
Sector Average		**-0.8%**	**1.6%**	**1.6%**		**34.5**	**1.4**	

Automobiles Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Car and General	27.00	0.0%	8.0%	8.0%	1,200	2.4	0.5	-

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Banking Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Absa	12.05	1.7%	5.2%	5.2%	2,259,916	4.0	1.0	25.8
Bank of Kigali	35.50	-4.1%	-0.8%	-0.8%	2,300	-	-	21.7
Diamond Trust Bank	48.80	-0.3%	8.3%	8.3%	352,362	2.2	0.2	8.9
Equity Group	37.45	-1.8%	11.3%	11.3%	11,004,757	3.1	0.8	27.8
Housing Finance	3.79	7.4%	8.9%	8.9%	79,438	-	0.2	-
I&M	17.40	-0.6%	-0.6%	-0.6%	605,676	2.6	0.4	-
KCB	19.95	-2.2%	-8.9%	-8.9%	970,977	1.6	0.3	19.7
NCBA	37.60	-0.3%	-3.5%	-3.5%	56,709	3.9	0.7	18.5
Stanbic Bank	115.00	4.5%	5.7%	5.7%	189,332	5.0	0.7	15.3
StanChart	165.00	1.5%	1.9%	1.9%	53,355	4.5	1.0	22.7
The Co-op Bank	12.20	1.7%	7.0%	7.0%	1,175,415	3.1	0.7	22.1
Sector Average		**0.7%**	**3.1%**	**3.1%**		**3.3**	**0.6**	

Commercial Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Eveready	1.18	-0.8%	9.3%	9.3%	58,700	-	-	-
Express Kenya	3.55	0.3%	-4.1%	-4.1%	1,900	-	0.3	(13.9)
Longhorn	2.30	-1.7%	-4.6%	-4.6%	25,100	21.0	0.9	(10.2)
Nairobi Business Ventures	2.40	-2.4%	-11.1%	-11.1%	8,700	-	-	-
Nation Media Group	20.05	0.2%	0.0%	0.0%	102,121	7.8	0.5	-
Sameer	2.02	-3.8%	-11.0%	-11.0%	12,200	-	-	-
Standard Group	7.76	0.0%	0.3%	0.3%	8	-	20.8	(183.9)
TPS East Africa	15.00	0.0%	-8.8%	-8.8%	430,127	7.7	0.3	3.8

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Uchumi	0.21	5.0%	23.5%	23.5%	97,940	-	-	-
WPP Scangroup	2.52	7.2%	15.6%	15.6%	190,672	-	0.2	-
Sector Average		**0.4%**	**0.9%**	**0.9%**		**12.1**	**3.8**	

Construction Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Bamburi	39.00	1.2%	8.8%	8.8%	20,650	53.4	0.4	0.6
Crown Paints	36.00	0.0%	1.0%	1.0%	159,716	6.2	0.7	23.1
E.A. Cables	0.91	-3.2%	-6.2%	-6.2%	29,986	-	0.3	-
E.A. Portland	8.00	0.0%	0.0%	0.0%	2,600	1.0	0.0	(6.7)
Sector Average		**-0.5%**	**0.9%**	**0.9%**		**20.2**	**0.4**	

Energy Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
KenGen	1.99	1.0%	-1.0%	-1.0%	1,842,762	2.6	0.0	1.8
Kenya Power	1.49	2.1%	4.9%	4.9%	4,856,743	0.8	-	-
Total Kenya	17.75	0.6%	-1.4%	-1.4%	7,777	4.5	0.1	8.4
Umeme	14.50	-6.5%	-9.4%	-9.4%	898,245	-	-	10.5
Sector Average		**-0.7%**	**-1.7%**	**-1.7%**		**2.7**	**0.1**	

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Insurance Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Britam	4.70	-6.0%	-1.9%	-1.9%	53,002	4.5	0.5	12.4
CIC	2.14	4.9%	-4.5%	-4.5%	90,160	4.0	0.6	16.7
Jubilee	190.00	5.4%	2.7%	2.7%	55,995	2.1	0.3	15.5
Kenya Re	1.85	-0.5%	-1.6%	-1.6%	129,421	1.4	0.1	9.4
Liberty	5.48	3.4%	48.5%	48.5%	71,665	8.8	0.3	3.8
Sanlam Kenya	6.60	4.1%	10.0%	10.0%	26,516	0.1	0.0	-
Sector Average		**1.9%**	**8.9%**	**8.9%**		**3.5**	**0.3**	

Investment Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Centum	8.70	5.3%	3.6%	3.6%	187,101	-	0.2	(7.9)
Home Afrika	0.32	-8.6%	-13.5%	-13.5%	130,600	-	-	-
Olympia	3.45	0.0%	5.5%	5.5%	2,500	5.6	0.1	2.4
TransCentury	0.49	8.9%	-5.8%	-5.8%	58,000	-	-	-
Sector Average		**1.4%**	**-2.6%**	**-2.6%**		**5.6**	**0.1**	

Investment Services Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Nairobi Securities Exchange	5.98	-0.3%	-0.7%	-0.7%	128,967	35.6	0.8	2.2

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Manufacturing Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
BOC Kenya	82.00	0.0%	0.0%	0.0%	126	10.8	1.0	9.1
British American Tobacco	420.00	0.0%	3.1%	3.1%	14,459	6.2	3.0	50.4
Carbacid	16.05	2.9%	7.0%	7.0%	26,847	5.0	1.0	20.5
EABL	114.25	0.7%	0.2%	0.2%	674,401	11.4	3.3	34.9
Flame Tree	1.12	0.0%	7.7%	7.7%	17,400	-	0.1	(12.2)
Kenya Orchards	19.50	0.0%	0.0%	0.0%	400	130.3	9.8	7.8
Unga Group	17.10	0.0%	1.5%	1.5%	20	-	0.3	1.3
Sector Average		**0.5%**	**2.8%**	**2.8%**		**32.7**	**2.7**	

Telecommunications Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
Safaricom	13.05	-3.3%	-6.1%	-6.1%	23,531,666	8.3	2.4	34.4

REIT Sector	Last Price	Weekly Change	QTD	YTD	Volume	P/E	P/B	ROE
ILAM Fahari I-REIT	5.68	-6.0%	-9.8%	-9.8%	175,000	-	0.3	(0.8)

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