



Weekly Report

Week 9

Week Ending Friday, March 5, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	30,974.04	(1.2%)	1.9%
S&P 500	3,769.05	1.6%	0.9%
NASDAQ 100	12,360.19	(3.8%)	(3.9%)
DAX	13,970.78	(0.5%)	1.8%
FTSE 100	6,684.31	(0.3%)	3.5%
EURO STOXX 50	3,687.37	0.9%	3.8%
Shanghai Composite	3,501.99	-	0.8%
NIKKEI 225	28,864.32	(0.4%)	5.2%
Commodities			
Brent Oil (USD/bbl.)	68.91	0.5%	34.8%
Gold (USD/Oz)	1,699.03	0.2%	(10.5%)

Source: Bloomberg, NSE; *As at 6:37 PM EAT

Most of the equity indices eased during the week. The S&P 500 rose by 1.2% after declining during the week. This was attributed to positive data showing faster-than-expected growth in monthly jobs, which generated optimism on economic rebound driven by massive fiscal stimulus and vaccination drives. However, there are fears of inflation and higher interest rates (treasury yields are already on the rise). Oil (Brent crude) continued rising during the week (+0.5%). The Organization of the Petroleum Exporting Countries (OPEC) and allies decided not to raise output until there is strong recovery in demand.

Equities Market

Equity Market Commentary

The All Share Index retreated by 2.2% w/w to 161.67. This was largely attributed to w/w price decline in Safaricom (-3.7% to KES 37.30) on the back of profit taking activity, following price gains in the recent weeks. Investors should note that today (5th March 2021) was the book closure date for the company's KES 0.45 interim dividend. The NSE 20 Index however edged up by 1.3% w/w to 1,941.39 as majority of the constituent counters posted price gains.

Notably, Nation Media Group (NMG), which had announced intentions to buy back its shares (up to 10.0% of issued shares), gained by 57.5% w/w to close the week at KES 25.35 (year-to-date +64.1%). We expect the counter to extend its rally. Overall market turnover and volume of shares traded for the week declined by 32.5% w/w and 15.8% w/w to KES 2.1 billion and 67.7 million respectively. In the coming week, we expect activity in the banking sector to pick up as banks release their FY2020 results (Stanbic Holdings has already released its FY2020 results showing an 18.6% y/y decline in earnings to KES 5.2 billion -- declaring a DPS of KES 3.80).

Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	161.67	(2.2%)	6.3%
NSE 20	1,941.39	1.3%	3.9%
NSE 25	3,587.07	(1.0%)	5.0%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,438.94	2,541.16	(4.0%)
Number of Shares Traded	67.73	80.48	(15.8%)
Equity Turnover (KES)	2,144.93	3,178.44	(32.5%)

Source: NSE

Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
Kenya Re	Hold	2.62	5.2%	12.9%

Source: NSE and Faida Investment Bank Analysis

For more detailed information on the recommendations, please click [here](#):

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	NMG	25.35	57.5%	64.1%
2.	Sanlam Kenya	11.15	16.4%	(13.9%)
3.	Car & General	26.00	8.3%	18.2%
4.	Express Kenya	4.00	8.1%	10.8%
5.	Trans-Century	1.21	6.1%	(16.6%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	E.A. Portland	8.38	(10.1%)	(23.8%)
2.	Longhorn	4.25	(7.6%)	(12.9%)
3.	Sameer Africa	3.24	(7.4%)	(0.3%)
4.	Uchumi	0.26	(7.1%)	(7.1%)
5.	WPP Scangroup	5.46	(7.1%)	(9.0%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	37.30	1,229.5
2.	EABL	169.00	210.9
3.	Co-op Bank	13.00	167.7
4.	Equity Group	38.05	160.0
5.	BAT	480.50	103.2

Source: NSE and Faida Investment Bank Analysis

News Highlights

CBK Invites Bids for Re-opened FXD1/2019/10 and FXD2/2018/20 Treasury Bonds

- The Central Bank of Kenya (CBK), acting in its capacity as fiscal agent for the Republic of Kenya, has invited bids for the re-opened FXD1/2019/10 and FXD2/2018/20 with the intention of raising KES 50.0 billion for budgetary support.
- The features of the bonds are shown in the table below:

	FXD1/2019/10	FXD2/2018/20
Amount	KES 50.0 billion	
Tenor	8.0 years	17.4 years
Coupon rate	12.438%	13.200%
Taxation	10.0%	10.0%
Period of sale	01/03/2021 to 09/03/2021	
Redemption date	12/02/2029	05/07/2038

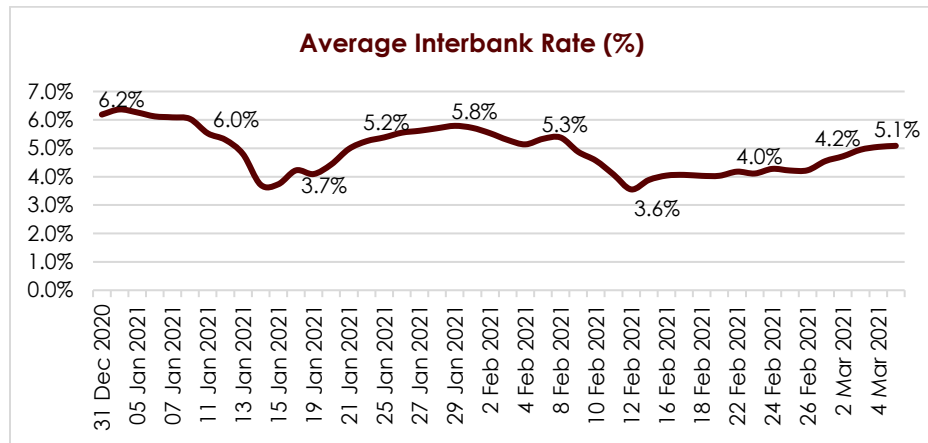
Source: NSE and Faida Investment Bank Analysis

- We recommend bidding as follows:
 - FXD1/2019/10**
 - Aggressive bids – 12.50% to 12.95%
 - Non-aggressive – 12.10% to 12.40%
 - FXD2/2018/20**
 - Aggressive bids – 13.40% to 13.70%
 - Non-aggressive – 13.10% to 13.30%

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Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

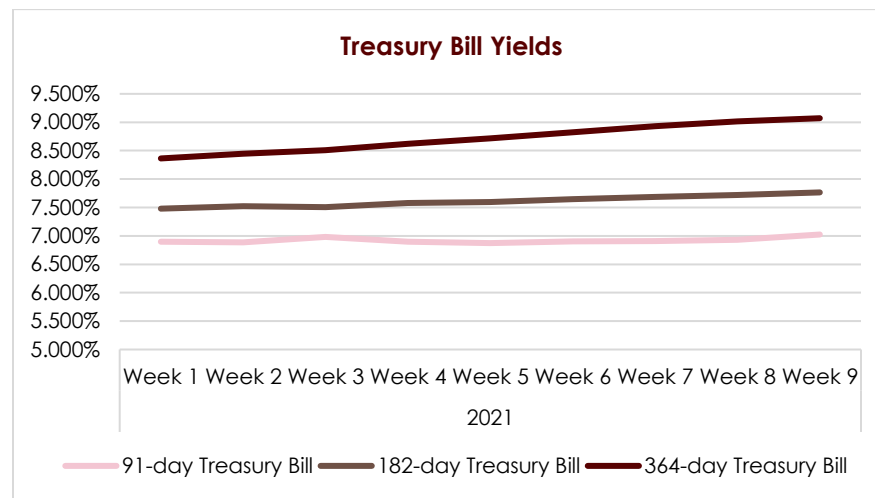
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.00	7.05	176.13%	6.06	7.024%	9.3
182 day	10.00	7.77	77.74%	6.81	7.765%	4.3
364 day	10.00	19.02	190.16%	17.29	9.071%	5.7
Total	24.00	33.84	140.98%	30.17		

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

Source: CBK

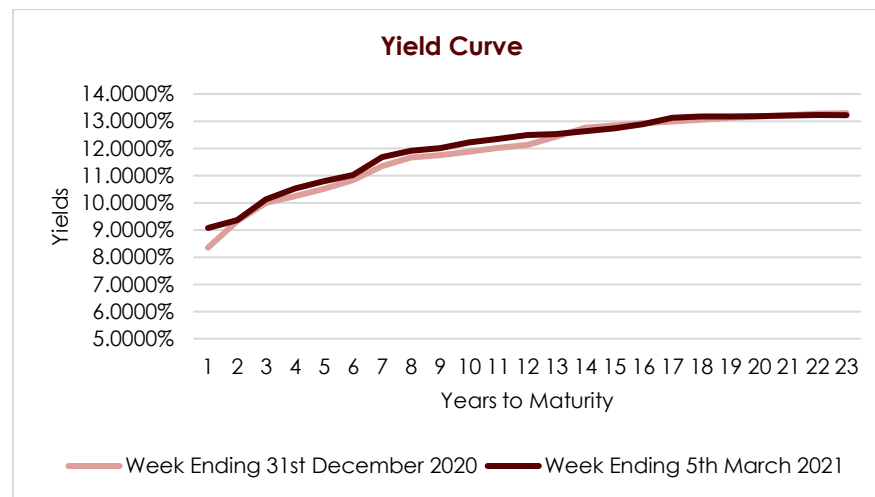
Treasury bills were oversubscribed during the week's auction; the total subscription rate was 140.98%, up from last week's 131.97%. The 364 day paper had the highest subscription rate this week, at 190.16%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

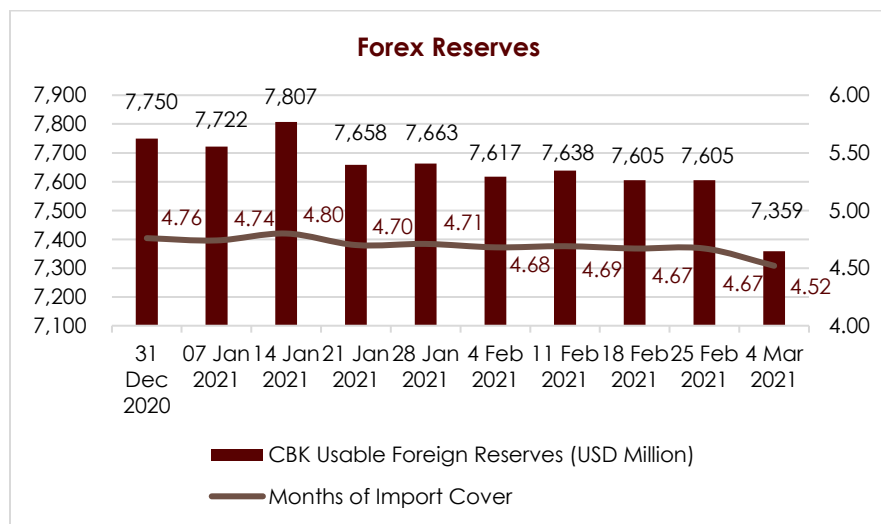
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	109.6518	0.1%	(0.4%)
STG Pound	152.9971	1.2%	(3.1%)
EURO	132.0359	1.3%	1.4%

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

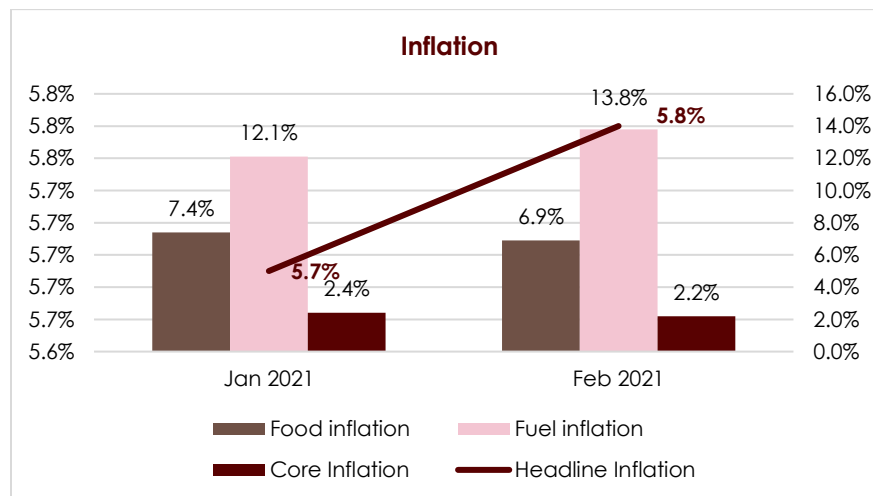
During the week, the Kenya Shilling appreciated against the US Dollar (marginally), Sterling Pound and the Euro. We opine that the Kenya Shilling's performance was supported by renewed optimism of economic recovery following the arrival of over one million doses of the COVID-19 vaccine in the country.

Forex Reserves



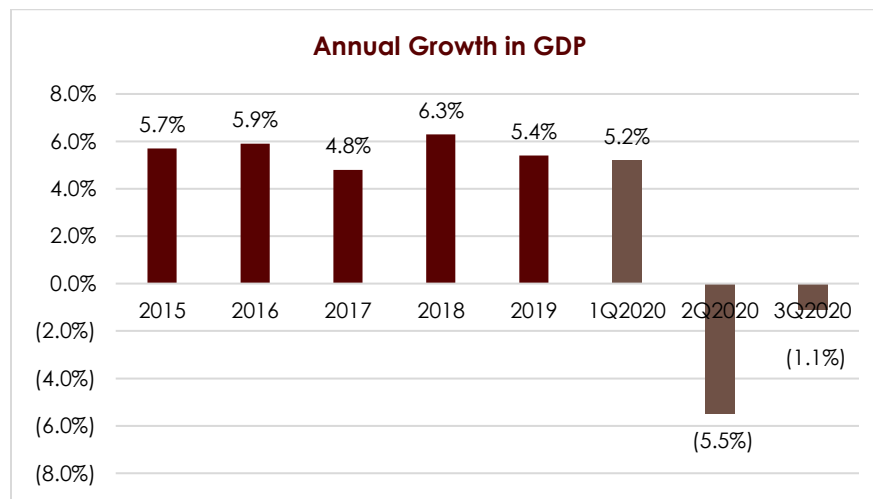
Source: CBK

Inflation



Source: KNBS

Gross Domestic Product (GDP)



Source: KNBS

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Kenya's economy slid into a recession in the 3Q2020 as GDP contracted for the second consecutive quarter. Kenya's Real GDP is estimated to have contracted by 1.1% in the 3Q2020, showing some improvement from the contraction of 5.5% witnessed in 2Q2020, but markedly different from the growth of 5.8% realized in 3Q2019. The improvement from the previous quarter was supported by the partial easing of COVID-19 restrictions that enhanced economic activities.

The economic performance was largely weighed down by the accommodation and food services (contracted by 57.9% compared to a growth of 9.9% in 3Q2019) and the education (contracted 41.9% compared to a growth of 6.0% in 3Q2019) sectors. These were the hardest hit sectors due to the closure of learning institutions and the implementation of travel restrictions in order to contain the spread of the virus.

Growth was however largely supported by the agricultural, construction and real estate sectors which grew by 6.3%, 16.2% and 5.3% respectively. Growth in the agricultural sector was supported by increases in tea production, fruit exports and sugarcane production. In the construction sector, cement consumption rose by 23.5% y/y to 1,952.2 thousand metrics reflecting increased construction activity which also buoyed growth in the real estate sector.

Real GDP Growth by Sector	3Q2019	3Q2020
Agriculture	5.0%	6.3%
Mining & Quarrying	3.4%	18.2%
Manufacturing	3.9%	(3.2%)
Electricity and Water Supply	6.4%	4.7%
Construction	6.6%	16.2%
Wholesale & Retail Trade	6.1%	(2.5%)
Accommodation & Food Services	9.9%	(57.9%)
Transport & Storage	7.6%	2.9%
Information & Communication	8.0%	7.3%
Financial & Insurance	8.1%	5.3%
Public Administration	8.4%	9.6%
Professional, Admin & Support Services	4.8%	(12.3%)
Real Estate	5.5%	5.3%
Education	6.0%	(41.9%)
Health	5.5%	5.6%
Other Services	5.3%	(4.5%)

Source: KNBS

Labour Statistics

Indicator	3Q2019	1Q2020	2Q2020	3Q2020
Unemployment Rate	5.3%	5.2%	10.4%	7.2%
Labour Force Participation Rate	69.8%	69.7%	64.4%	68.8%

Source: KNBS

Derivatives Market

Weekly Statistics

	This Week	Previous Week
Total Volumes	67	62
Total Value	2,692,550	6,794,950
Total Open Interest	273	234

Source: NSE

Corporate Finance

Powered by People raises USD 1.5 million in Seed Round

Powered by People, a Kenyan retail technology startup has raised USD 1.5 million in seed round funding. The funding was secured through angel investors who are affiliates with DraftKings, Skillz and Uber as well as impact investors. The firm offers online tools, financing solutions, and a business to business (B2B) marketplace to small and medium-sized enterprises (SMEs) in the manufacturing and handmade sector. Powered by People connects producers across Africa, Asia and Latin America. It provides retailers with credit lines that have flexible payments, discovery of diverse global brands and products, and the ability to customize products for exclusive offers in their store. The startup is working with brands that supply companies globally including; IKEA, Crate and Barrel and Nordstroms. The firm is focused on creating additional partnerships with retailers in Africa and globally.

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Profit Warnings Issued

	Company	Sector
1.	Britam Holdings	Insurance
2.	Absa Bank	Banking
3.	Kenya Power	Energy
4.	East African Cables	Construction and Allied
5.	Kenya Orchards	Manufacturing and Allied
6.	Longhorn Publishers	Commercial and Services
7.	Nairobi Business Ventures	Commercial and Services
8.	Nation Media Group	Commercial and Services
9.	Unga Group	Manufacturing and Allied
10.	NCBA Group	Banking
11.	TPS Eastern Africa	Commercial and Services
12.	I&M Holdings	Banking
13.	Standard Chartered Bank	Banking
14.	Diamond Trust Bank	Banking
15.	Cooperative Bank of Kenya	Banking
16.	CIC Insurance Group	Insurance
17.	Limuru Tea	Agricultural
18.	Sanlam Kenya	Insurance

Source: NSE

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	38.20	0.3%	-1.4%	2,563,200	45.9%	4.74	9.2%	0.92	20.7%
Equity Bank	38.05	4.1%	0.4%	4,213,200	51.5%	6.36	0.0%	1.28	21.8%
NCBA	25.90	-3.2%	5.7%	192,800	41.9%	2.98	0.0%	0.58	15.3%
Stanbic	84.50	-0.6%	1.8%	229,000	52.2%	6.43	4.5%	0.65	10.3%
Absa Bank Kenya Plc	9.60	-0.6%	-1.2%	318,700	51.2%	6.99	11.5%	1.15	16.7%
Housing Finance	3.45	3.9%	-1.1%	140,900	93.8%	N/M	0.0%	0.12	-1.1%
Co-operative Bank	13.00	4.0%	-0.4%	12,853,100	52.1%	5.33	7.7%	0.96	19.2%
Diamond Trust Bank	71.75	-4.3%	3.6%	176,100	48.6%	2.96	3.8%	0.34	12.1%
Standard Chartered	134.50	-6.8%	-0.2%	195,300	55.6%	5.61	5.6%	0.97	17.5%
I&M	44.05	-2.1%	-2.0%	36,000	39.0%	3.38	5.8%	0.63	20.4%
Sector Average					53.2%	4.98	4.8%	0.76	15.3%

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	0.0%	0.0%	-	N/M	0.0%	-1.3	N/M
Nation Media Group	25.35	64.1%	57.5%	1,699,100	5.63	5.9%	4.09	10.9%
WPP Scangroup	5.46	-9.0%	-7.1%	239,600	4.88	9.2%	1.12	6.0%
Uchumi Supermarket	0.26	-7.1%	-7.1%	326,000	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.25	-12.9%	-7.6%	92,900	6.25	12.2%	0.68	17.3%
Eveready	1.10	-8.3%	1.9%	69,200	N/M	0.0%	-1.45	-10.8%
Sector Average					5.59	5.5%		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	40.30	6.5%	-3.9%	183,000	16.45	0.0%	1.6%	2.1%
E.A. Portland Cement	8.38	-23.8%	-10.1%	30,700	N/M	0.0%	0.0%	0.0%
Sector Average					16.45	0.0%	0.8%	1.0%

*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	4.63	-1.7%	-1.3%	1,151,200	1.66	6.5%	2.79	9.0%
Kenya Power	1.38	-19.3%	-6.8%	2,155,400	10.62	0.0%	0.13	0.4%
Total Kenya	23.50	-2.1%	-3.7%	15,300	5.83	5.5%	4.03	10.8%
Sector Average					6.04	3.2%		4.7%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.22	4.2%	-3.5%	204,200	0.28	18.50	69.8%	34.4%
Britam	7.12	-1.9%	-2.2%	187,800	0.24	5.05	65.3%	37.2%
Jubilee	270.00	-4.9%	1.5%	51,900	9.62	5.14	91.9%	46.2%
Kenya Re	2.62	12.9%	5.2%	3,661,300	0.09	1.03	71.2%	13.1%
Sanlam Kenya	11.15	-13.9%	16.4%	21,900.00	7.74	14.11	85.8%	35.5%
Liberty	8.08	4.9%	0.5%	131,600.00	1.01	6.17	119.6%	48.7%
Sector Average					3.16	8.33	83.9%	35.8%

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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	16.65	-1.8%	-1.8%	710,600	2.40	0.35	6.95	9.3%
Home Afrika Ltd	1.21	-9.5%	-5.0%	169,500	N/M	N/M	N/M	2.6%
Trans-Century	1.21	-16.6%	6.1%	73,300.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.35		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	8.24	1.0%	-4.2%	101,300	27.47	3.4%	0.3	3.9%
Sector Average					27.47	3.4%		

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%	-	N/M	0.0%	-4.43	-69.4%
EABL	169.00	9.6%	1.8%	1,261,100	32.69	1.8%	5.17	46.6%
FTG Holdings	1.24	0.8%	-6.8%	30,500	4.77	0.0%	0.26	4.8%
Carbacid	12.30	1.7%	1.2%	49,900	9.69	5.7%	1.27	10.0%
BAT	480.50	33.1%	-1.8%	212,300	8.71	9.4%	55.18	51.2%
Sector Average					13.96	3.4%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	37.30	8.9%	-3.7%	32,183,900	20.05	3.8%	1.86	51.8%
Sector Average					20.05	3.8%		

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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	6.70	20.5%	1.5%	74,100	20.80	11.19%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Car & General (K) Ltd	Final dividend	KES 0.80	28-Jan-21	22-Feb-21	25-Mar-21
Safaricom Plc	Interim dividend	KES 0.45	10-Feb-21	5-Mar-21	31-Mar-21
BAT Kenya Plc	Final dividend	KES 41.50	19-Feb-21	16-Apr-21	12-May-21
KenGen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	29-Apr-21	22-Jul-21
Stanbic Holdings Plc	Final dividend	KES 3.80	5-Mar-21	21-May-21	Subject to approval

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