



Key Market Indicators

Key Indicators (Weekly)	09-Aug-19	16-Aug-19	%
NSE20 Share Index	2,543.59	2,539.95	0.14
NSE25 Share Index	3,572.56	3,597.77	0.71
NSE All Share Index	148.05	151.40	2.26
Equity Turnover (KshMn)	1,164.08	2,666.52	129.07
Volume shares traded(Mn)	43.05	79.07	83.67
Bonds Traded (KES Bn)	11.85	5.90	50.21
Mkt. Cap. (Ksh Billion)	2,262.72	2,314.13	2.27
Mkt. Cap. (US\$ Billions)	21.89	22.40	2.31

Top Gainer Stocks

Stock	09-Aug-19	16-Aug-19	Δ (%)
CABLES	3.09	3.81	23.30
LONGHORN	7.24	7.90	9.12
TCL	3.30	3.60	9.09
EXPRESS	6.50	7.00	7.69
SCOM	27.65	29.20	5.61

Top Loser Stocks

Stock	09-Aug-19	16-Aug-19	Δ (%)
OLYMPIA	2.50	2.15	14.00
MUMIAS	0.34	0.30	11.76
HF	3.81	3.50	8.14
LIBERTY	10.80	9.94	7.96
I&M	53.00	49.70	6.23

Top Movers

Counter	Price (Ksh)	Vol 'Mn'	Value (Ksh 'Mn')
SCOM	29.20	45.48	1,328.05
EQTY	39.20	21.11	827.70
BAT	515.00	0.55	283.35
KCB	39.80	2.02	80.29
EABL	200.50	0.33	66.12

Foreign Trades (13-Aug-2019 - 16-Aug-2019)

Day	BUYS(Ksh 'Mn')	SALES(Ksh 'Mn')	NET(Ksh 'Mn')
Monday	-	-	-
Tuesday	276.47	297.34	-20.87
Wednesday	211.82	928.77	-716.94
Thursday	458.59	156.91	301.68
Friday	766.07	327.15	438.92
Total	1,712.95	1,710.17	2.79

Market Statistics (Values in 'Mn') 13-Aug-2019 - 16-Aug-2019

Day	Turnover (Mn)	Foreign Buys %	Foreign Sales %	Vol(Mn)
Monday	-	-	-	-
Tuesday	332.82	41.53	44.67	8.02
Wednesday	993.77	10.66	46.73	29.00
Thursday	492.22	46.58	15.94	13.96
Friday	847.41	45.20	19.20	28.09
Total	2,666.22	35.99	31.66	79.07

Source SCL

Average Interbank Rates

Date	Value (KshBn)	Ave. Interbank Rate (%)
02-Aug-19-08-Aug-2019	6.18	3.13
09-Aug-2019	8.30	3.64
12-July-2019	0.0	0.00
13-July-2019	10.50	3.76
14-July-2019	6.65	3.83
15-Aug-2019	6.45	3.61
09-Aug-15-Aug-2019	6.38	2.97

Currency	09-July-19	16-Aug-19	Δ %
US Dollar	103.37	103.33	0.04
STG Pound	125.45	125.30	0.12
EURO	115.82	115.12	0.60
Japanese Yen	97.39	97.36	0.03
SA Rand	6.85	6.76	1.31
KES/USHS	35.79	35.78	0.03
KES/TSHS	22.25	22.28	0.13
KES/RWF	8.88	8.88	0.00

Source: CBK Website

Weekly Statistics

	This Week	Δ% W/W	Price Δ% YTD	20 Day Avg	Turnover (KES)	P/E	Trailing P/E	Div Yield (%)
Agricultural								
Eaagads	14.0	0.0	(0.4)	13.5	0.0	25.0	25.0	-
Kakuzi	340.0	-	0.0	340.0	-	12.6	12.6	0.0
Kapchorua Tea	73.0	(0.0)	0.1	74.4	0.0	-	2.4	0.1
Limuru Tea	470.0	-	(0.1)	470.0	-	370.1	250.0	0.0
Sasini	18.0	(0.1)	(0.4)	18.0	0.0	4.0	2.5	0.1
Williamson Tea	130.0	(0.1)	(0.2)	140.0	0.2	-	3.2	0.3
Automobiles								
Car & General	21.5	0.0	0.0	21.4	0.2	28.3	15.6	-
Banking								
Barclays Bank	10.8	0.0	0.1	10.7	35.0	7.9	8.4	0.1
Diamond Trust	119.0	0.1	(0.4)	40.2	-	5.0	4.9	0.0
Equity Bank	39.2	(0.0)	(0.0)	40.2	0.0	7.5	5.8	0.1
Housing Finance	3.5	(0.1)	(0.7)	3.8	827.7	-	-	-
I&M Holdings	49.7	(0.1)	(0.6)	53.1	0.5	3.1	2.8	0.1
KCB	39.8	-	(0.1)	39.8	80.3	5.1	5.8	0.1
National Bank	3.8	(0.0)	(0.6)	4.0	0.1	181.8	-	-
NIC Bank	28.2	(0.0)	(0.2)	29.0	6.4	4.3	4.0	0.0
Stanbic Holdings	98.5	(0.0)	0.2	99.0	0.1	6.2	5.8	0.1
StanChart	196.8	0.0	(0.1)	196.5	3.9	8.3	9.9	0.1
Co-op Bank	12.0	(0.0)	(0.3)	12.1	7.8	5.5	5.0	0.1
Commercial								
Atlas Development	-	-	-	-	-	-	-	-
Deacons E A	0.5	-	(0.9)	0.5	-	-	-	-
Eveready	1.1	(0.0)	(0.6)	1.1	0.1	0.4	0.4	-
Express	7.0	0.1	0.9	6.5	0.0	-	-	-
Kenya Airways	3.0	0.0	(0.8)	2.9	1.6	-	-	-
Longhorn Kenya	7.9	0.1	0.5	7.3	0.2	12.0	12.0	0.0
Nairobi Business V.	0.9	(0.0)	(0.7)	0.9	0.0	0.4	0.4	-
Nation Media	44.6	-	(0.6)	44.6	4.8	3.8	4.0	0.2
Sameer Africa	3.8	(0.0)	0.4	3.9	0.3	-	-	-
Standard Group	27.1	-	(0.3)	27.1	0.0	12.7	11.7	-
TPS EA	19.0	(0.0)	(0.4)	19.0	0.1	11.6	-	0.1
Uchumi	0.3	-	(0.9)	0.3	0.1	-	0.2	-
WPP Scangroup	12.4	(0.0)	(0.4)	12.7	0.6	11.0	8.2	-
Construction								
ARM	5.6	-	(0.6)	108.8	-	-	-	-
Bamburi Cement	109.0	0.0	(0.4)	80.0	0.4	7.5	7.9	0.1
Crown Berger	82.0	0.0	0.0	3.1	0.2	126.2	95.3	0.0
E.A.Cables	3.8	0.2	(0.3)	14.4	0.6	-	-	-
E.A.Portland	14.4	(0.0)	(0.5)	-	0.0	0.3	0.2	-
Energy								
KenGen	5.8	(0.0)	(0.3)	33.0	2.4	4.2	5.4	0.1
KenolKobil	22.0	(0.3)	0.5	3.7	-	13.4	16.1	0.0
KPLC	3.7	-	(0.6)	28.5	0.9	1.0	1.0	0.1
Total Kenya	27.2	(0.0)	0.1	7.5	0.2	10.6	9.4	0.0
Umeme Ltd	7.6	0.0	(0.4)	-	0.1	3.7	4.3	0.1
Insurance								
BRITAM	7.2	0.0	1.4	3.1	4.6	-	-	-
CIC	3.2	0.0	(0.9)	370.0	0.3	45.9	24.7	0.0
Jubilee	350.0	(0.1)	2.0	3.1	2.6	8.1	8.0	0.0
Kenya Re	3.1	(0.0)	(0.9)	10.8	1.2	0.6	0.6	0.1
Liberty Kenya	9.9	(0.1)	(0.7)	18.0	0.3	8.5	9.5	-
Sanlam	18.9	0.0	(0.4)	-	0.2	30.0	-	-
Investments								
Centum	32.2	(0.0)	(0.3)	0.5	5.3	2.9	2.7	-
Home Afrika	0.6	0.1	(0.6)	1,500.0	0.0	-	-	-
Kurwitu	1,500.0	-	-	2.5	-	-	-	-
Olympia Capital	2.2	(0.1)	(0.3)	3.3	0.0	8.3	8.3	-
TransCentury	3.6	0.1	(0.5)	-	0.8	-	90.0	-
Investment Service								
NSE	11.0	(0.0)	(0.5)	-	0.5	15.5	32.4	0.0
Manufacturing								
BOC	66.8	-	(0.4)	515.0	-	8.8	8.6	0.1
BAT	515.0	-	(0.3)	8.2	283.4	12.1	11.5	0.1
Carbacid	7.7	(0.1)	(0.4)	204.0	0.8	5.2	5.0	0.1
EABL	200.5	(0.0)	(0.2)	2.9	66.1	16.4	16.4	0.0
Flame Tree	2.9	0.0	(0.4)	12.6	0.0	2.1	2.7	-
Kenya Orchards	12.6	-	(0.9)	0.3	-	38.2	42.0	-
Mumias Sugar	0.3	(0.1)	(0.7)	32.9	0.4	-	-	-
Unga Group	32.9	-	0.1	-	0.0	7.6	8.8	0.0
Telecommunication								
Safaricom	29.2	0.1	0.1	27.7	1,328.1	18.5	18.5	0.0



Sector Performances

Segment	09-Aug-19	16-Aug-19	Week/Week	YTD (%)
Banking	70.66	69.69	1.38	15.68
Manufacturing	53.82	52.50	2.46	15.04
Telecommunication	103.36	109.16	5.61	31.24
Energy & Petroleum	84.51	77.10	8.77	5.88
Insurance	51.62	51.18	0.84	34.11
Construction	59.14	61.96	4.77	0.83
Commercial	44.20	44.57	0.85	13.09
Agricultural	71.22	69.90	1.86	19.22
Automobile	84.58	84.98	0.47	23.90
Investment	66.56	66.39	0.26	4.85
NSE 20	2,543.59	2,539.95	0.14	10.02
NASI	148.05	151.40	2.26	7.99

Source: Sterling Capital & NSE

Kenya Weekly Commentary:

Market Watch:

Indices



Equity Turnover

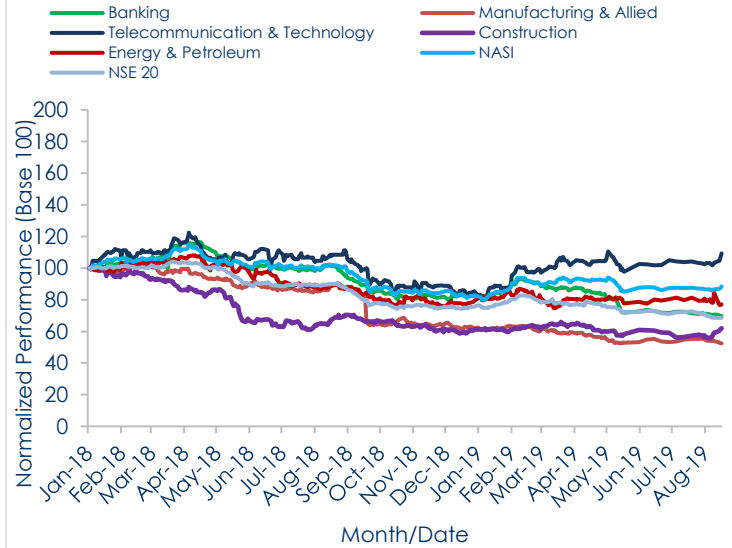


Bond Turnover



Source: Sterling Capital & NSE

Sector Performance



Source: Sterling Capital & NSE

Debt Market:

1) Treasury Bonds

- Bond turnover over the week decreased by 50.2% from KES.11.85Bn last week to KES.5.90Bn this week.
- W/W bond deals also declined from 346 to 292 during the week.

Metric	09-July-19	16-Aug-19
Bond Turnover	11.85	5.90

Source: NSE

2) Treasury Bills

- The 91 & 182-day treasury bills were under-subscribed during the week with the subscription levels at 68.83% and 29.39% respectively.
- The 364 day treasury bill was over-subscribed during the week at 151.49%.

Treasury Bill	Amount Offered (KES.Bn)	Bids Received (Kes.Bn)	Amount Accepted (Kes.Bn)	Performance Rate (%)
91-Day	4.0	2.75	2.75	68.83
182-Day	10.0	2.94	2.94	29.39
364-Day	10.0	15.15	15.07	151.49
Total	24.0	20.84	20.76	86.84

Source: CBK



T-Bill	Yield %	Δ Basis points	Acceptance Rate (%)
91 -Days	6.355	9.4	100.00
182 -Days	7.052	10.2	100.00
364 -Days	9.195	4.3	99.49

Source: CBK

Key Rates	(%)	Date
CBK Rate	9.00	24-Jul-19
Interbank Rate	3.61	15-Aug-19
CBK Discount Window	15.00	24-Jul-18
REPO	0.00	13-May-19
Horizontal REPO	11.50	02-Sep-14
Inflation	6.27	July-19

Source: CBK

Interbank Rates & Volume

- The weighted average interbank rate decreased from 3.13% to 2.97% during the week.
- While the average weekly interbank volume went up by 3.24% from 6.18Bn to 6.38Bn.

News Updates

Forex reserves cover slips below 6 months

- The official forex reserves held at the Central Bank of Kenya (CBK) have for the first time in four weeks dropped below six months of import cover, with a further drop likely next week when the country pays interest on the 2018 Eurobond.
- Latest reserves data shows that CBK's reserves stood at KES.972.5Bn on Thursday, equivalent to 5.98 months of import cover.
- This was a fall of KES.8.79Bn during the week, having previously stood at KES.981.3Bn that represented 6.04 months of cover.
- The CBK usable foreign exchange reserves remained strong at 5.98 months of import cover as at August 8. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover and the EAC region's convergence criteria of 4.5 months of import cover.
- The recent slide in the shilling's exchange rate to the dollar to the 104.20 level—a four-year low—put pressure on CBK to sell some of its hard currency to the market to stave off volatility.
- On Friday, the shilling closed trading at an average of 103.37 to the greenback. The easing of the depreciating trend has come at a time when official forex reserves have fallen significantly, pointing to possible CBK intervention in the market.

Our View

- **We expect the forex reserves to remain above 5.5 months of import cover in the medium term which is sufficient to cover any external obligations and is above the target.**
- The central bank supplies foreign currency to keep markets steady. It also buys the local currency to support its value and prevent inflation. This gives confidence to foreign investors, who return to the economy.
- The central bank assures foreign investors that it's ready to take action to protect their investments. It will also prevent a sudden flight to safety and loss of capital for the country. In that way, a strong position in foreign currency reserves can prevent economic crisis caused when an event triggers a flight to safety.
- Reserves are always needed to make sure a country will meet its external obligations. These include international payment obligations, including sovereign and commercial debts. They also include financing of imports and the ability to absorb any unexpected capital movements.

Source: Business Daily & Sterling Capital Research



KCB Group records 5% growth in PAT in the 6 months to June 2019

- KCB announced KES.12.72Bn profit after tax H12019, a growth of 5% from KES.11.13Bn in the same period in 2018
- Loan book growth increased by 14% To KES.478.7Bn, attributable to increased mobile lending.
- Loans disbursed via mobile channels increased from KES.20Bn to KES.103.10Bn.
- KCB M-Pesa recorded the largest growth from KES.14.9Bn to KES.66.7Bn while Fuliza and KCB Mobi disbursed KES.27.4Bn and KES.9.0Bn respectively.
- Customer deposits increased by 7% to KES.563.2Bn while total assets edged up by 12% to KES.747Bn
- Provisions for loans and advances shot up by 266% to KES.3.0Bn as a result of increased lending to manufacturing and trade sectors as well as heavy mobile lending.
- Directors approved an interim dividend of KES.1.00 per share.

Our View:

- **We recommend a BUY on KCB Group Plc (KCB Bank) guided by our fair value estimate of KES.53 with P/E and P/B multiples of 5.1x and 1.08x respectively which are below the industry average of 7.03x and 1.59x.**
- Our fair value estimate has an upside of 32.8% based on the current share price of KES 39.90.
- KCB Bank has remained resilient throughout the tough business environment with stable earnings and strong business fundamentals. We expect KCB performance and valuation to rally upwards with an expected FY2019 PAT of KES.25Bn.
- Increased investment in digital banking business and growing presence in the fintech space will also drive business growth.

Source: KCB Group Financials & Sterling Capital Research

Company Announcements

Company	Announcement	Book Closure Date	Payment Date
Stanbic	Interim dividend KES.1.25	9/9/2019	27/9/2019
EABL	Final dividend- KES.6.00	Subject to approval	Subject to approval
BAT	Interim Dividend- KES.3.50	19/8/2019	20/9/2019
KCB Group	Interim Dividend- KES.1.00	05/9/2019	15/11/2019