



Key Market Indicators

Key Indicators (Weekly)	30-Aug-19	06-Sep-19	%
NSE20 Share Index	2,467.68	2,419.67	1.95
NSE25 Share Index	3,521.77	3,408.89	3.21
NSE All Share Index	147.58	142.52	3.43
Equity Turnover (KshMn)	1,385.65	3,119.42	125.12
Volume shares traded(Mn)	46.51	106.30	128.55
Bonds Traded (KES Bn)	8.96	13.40	49.55
Mkt. Cap. (Ksh Billion)	2,221.97	2,145.56	3.44
Mkt. Cap. (US\$ Billions)	21.46	19.65	8.43

Top Gainer Stocks

Stock	30-Aug-19	06-Sep-19	Δ (%)
HFCK	3.96	4.40	11.11
NMG	38.05	40.45	6.31
TPSE	16.10	17.05	5.90
CROWN	81.00	85.00	4.94
OLYMPIA	2.10	2.20	4.76

Top Loser Stocks

Stock	30-Aug-19	06-Sep-19	Δ (%)
SAMEER	3.88	3.27	15.72
HAFR	0.58	0.51	12.07
UNGA	35.75	32.00	10.49
CABLES	3.18	2.87	9.75
FLAME TREE	2.50	2.30	8.00

Top Movers

Counter	Price (Ksh)	Vol 'Mn'	Value (Ksh 'Mn')
SCOM	26.80	59.70	1,600.00
EQUITY	37.05	11.13	412.38
KCB	38.20	9.73	371.60
EABL	195.25	1.73	339.68
BAT	490.00	0.18	86.68

Foreign Trades (02-Sep-2019 - 06-Sep-2019)

Day	BUYS(Ksh 'Mn')	SALES(Ksh 'Mn')	NET(Ksh 'Mn')
Monday	146.77	89.83	56.94
Tuesday	372.93	347.99	24.94
Wednesday	434.29	470.11	-35.82
Thursday	534.88	566.19	-31.31
Friday	766.07	514.77	251.30
Total	2,254.94	1,988.89	266.05

Market Statistics (Values in 'Mn') 02-Sep-2019 - 06-Sep-2019

Day	Turnover (Mn)	Foreign Buys %	Foreign Sales %	Vol(Mn)
Monday	382.63	19.18	11.74	14.11
Tuesday	586.32	31.80	29.68	13.85
Wednesday	811.68	26.75	28.96	28.90
Thursday	492.82	54.27	57.44	27.76
Friday	601.09	63.72	42.82	21.59
Total	2,874.54	39.25	34.59	106.21

Source SCL

Average Interbank Rates

Date	Value (KshBn)	Ave. Interbank Rate (%)
23-Aug-29-Aug-2019	11.25	4.33
30-Aug-2019	11.15	5.08
02-Sep-2019	10.47	5.34
03-Sep-2019	8.55	5.38
04-Sep-2019	7.50	5.57
05-Sep-2019	3.11	5.87
30-Aug-05-Sep-2019	8.16	5.45

Currency	30-Aug-19	06-Sep-19	Δ %
US Dollar	103.55	103.89	0.33
STG Pound	126.40	128.21	1.43
EURO	114.63	114.91	0.24
Japanese Yen	97.29	97.16	0.13
SA Rand	6.78	7.01	3.39
KES/USHS	35.64	35.40	0.67
KES/TSHS	22.19	22.16	0.14
KES/RWF	8.88	8.87	0.11

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	12.6	0.0	(0.5)	12.5	0.0	22.5	22.5	-
Kakuzi	350.0	0.0	0.1	340.5	0.0	13.0	13.0	0.0
Kapchorua Tea	74.0	0.0	0.1	73.0	0.1	-	2.5	0.1
Limuru Tea	470.0	-	(0.1)	470.0	-	370.1	250.0	0.0
Sasini	17.1	(0.0)	(0.4)	17.0	0.1	4.0	2.5	0.1
Williamson Tea	130.0	(0.0)	(0.2)	135.0	0.7	-	3.2	0.3
Automobiles								
Car & General	21.5	-	0.0	21.5	-	28.2	15.5	-
Banking								
Barclays Bank	11.0	(0.0)	0.1	11.0	88.9	8.0	8.6	0.1
Diamond Trust	113.5	(0.0)	(0.4)	39.9	-	4.7	4.6	0.0
Equity Bank	37.1	(0.1)	(0.1)	39.9	4.7	7.1	5.5	0.1
Housing Finance	4.4	0.1	(0.6)	4.0	412.4	-	-	-
I&M Holdings	46.5	(0.0)	(0.6)	46.6	0.7	2.9	2.6	0.1
KCB	38.2	(0.0)	(0.1)	39.9	371.6	4.9	5.6	0.1
National Bank	4.1	-	(0.6)	4.1	-	199.2	-	-
NIC Bank	28.1	(0.0)	(0.2)	28.5	5.1	4.2	4.0	0.0
Stanbic Holdings	96.0	(0.0)	0.2	97.5	5.0	6.0	5.7	0.1
StanChart	195.5	0.0	(0.1)	195.0	15.7	8.3	9.8	0.1
Co-op Bank	11.3	(0.0)	(0.3)	11.4	62.7	5.2	4.7	0.1
Commercial								
Atlas Development	-	-	-	-	-	-	-	-
Deacons E A	1.1	-	(0.7)	0.5	-	-	-	-
Eveready	6.7	0.0	1.8	1.0	0.0	0.4	0.4	-
Express	2.6	0.0	(0.3)	6.5	0.0	-	-	-
Kenya Airways	6.4	0.0	(0.6)	2.5	0.8	-	-	-
Longhorn Kenya	0.9	(0.1)	(0.8)	7.0	0.5	9.8	9.8	0.1
Nairobi Business V.	40.5	0.0	11.6	0.9	0.0	0.4	0.4	-
Nation Media	3.3	0.1	(1.0)	38.1	5.1	3.4	3.7	0.2
Sameer Africa	29.0	(0.2)	9.5	3.8	0.2	-	-	-
Standard Group	17.1	0.0	(0.5)	28.8	0.2	13.5	12.5	-
TPS EA	0.3	0.1	(1.0)	16.1	0.1	10.5	-	0.1
Uchumi	12.3	(0.0)	1.7	0.3	0.0	-	0.2	-
WPP Scangroup	12.3	(0.0)	(1.0)	12.6	0.5	11.0	8.2	0.1
Construction								
ARM	5.6	-	(0.6)	104.3	-	-	-	-
Bamburi Cement	105.0	0.0	(0.4)	81.0	0.3	7.3	7.6	0.1
Crown Berger	85.0	0.0	0.1	3.2	20.0	130.8	98.8	0.0
E.A.Cables	2.9	(0.1)	(0.5)	14.5	0.2	-	-	-
E.A.Portland	14.5	-	(0.5)	-	0.1	0.3	0.2	-
Energy								
KenGen	5.5	(0.0)	(0.4)	22.0	11.6	4.0	5.1	0.1
KenolKobil	22.0	-	0.5	3.8	-	13.4	16.1	0.0
KPLC	3.7	(0.0)	(0.6)	28.5	0.9	1.0	1.0	0.1
Total Kenya	27.5	(0.0)	0.2	6.6	0.3	10.7	9.5	0.0
Umeme Ltd	6.7	0.0	(0.5)	-	0.0	3.3	3.8	0.1
Insurance								
BRITAM	7.1	(0.0)	1.1	3.1	8.0	-	-	-
CIC	3.2	0.0	(0.9)	369.8	0.1	45.3	24.4	0.0
Jubilee	370.0	0.0	2.0	3.1	3.8	8.6	8.4	0.0
Kenya Re	2.9	(0.1)	(0.9)	9.7	4.7	0.6	0.6	0.2
Liberly Kenya	9.7	(0.0)	(0.7)	18.0	0.1	8.3	9.2	-
Sanlam	18.0	0.0	(0.4)	-	0.9	28.6	-	-
Investments								
Centum	28.7	(0.0)	(0.3)	0.6	4.3	2.6	2.4	-
Home Afrika	0.5	(0.1)	(0.6)	1,500.0	0.3	-	-	-
Kurwitu	1,500.0	-	-	2.1	-	-	-	-
Olympia Capital	2.2	0.0	(0.3)	3.7	0.0	8.5	8.5	-
TransCentury	3.6	(0.0)	(0.5)	-	0.0	-	90.0	-
Investment Service								
NSE	9.9	(0.1)	(0.5)	-	1.1	13.9	29.0	0.0
Manufacturing								
BOC	67.5	0.0	(0.4)	510.0	0.1	8.9	8.7	0.1
BAT	490.0	(0.0)	(0.4)	7.9	86.3	11.5	11.0	0.1
Carbacid	7.6	(0.0)	(0.4)	196.0	1.3	5.2	4.9	0.1
EABL	195.3	(0.0)	(0.2)	2.5	339.7	16.0	16.0	0.0
Flame Tree	2.3	(0.1)	(0.5)	12.6	0.0	1.7	2.1	-
Kenya Orchards	12.6	-	(0.9)	0.3	-	38.2	42.0	-
Mumias Sugar	0.3	-	(0.7)	36.1	0.4	-	-	-
Unga Group	32.0	(0.1)	0.1	-	0.1	7.4	8.6	0.0
Telecommunication								
Safaricom	26.8	(0.0)	0.0	28.2	1,600.0	17.0	17.0	0.0



Sector Performances

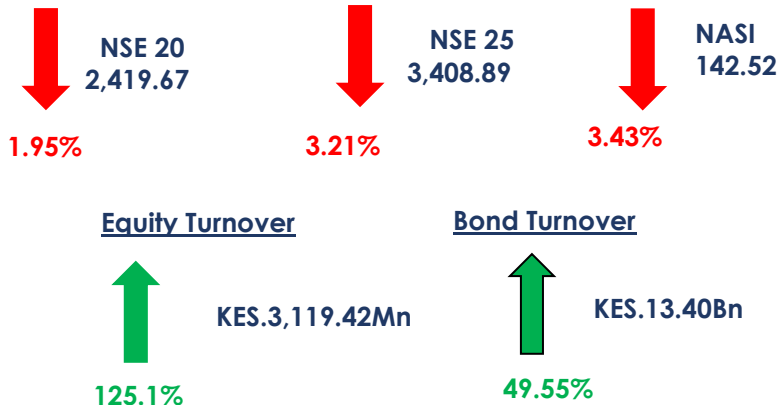
Segment	30-Aug-19	06-Sep-19	Week/Week	YTD (%)
Banking	70.33	69.77	0.68	15.59
Manufacturing	51.74	50.23	4.54	18.71
Telecommunication	105.23	100.19	7.27	20.45
Energy & Petroleum	75.64	74.83	3.27	8.65
Insurance	50.80	50.35	1.08	35.18
Construction	59.17	58.61	2.04	4.62
Commercial	42.21	41.84	0.67	18.41
Agricultural	69.06	69.17	0.74	20.06
Automobile	84.78	84.78	0.00	24.08
Investment	65.34	63.72	2.59	0.64
NSE 20	2,467.68	2,419.67	1.95	14.28
NASI	147.58	142.52	3.43	1.65

Source: Sterling Capital & NSE

Kenya Weekly Commentary:

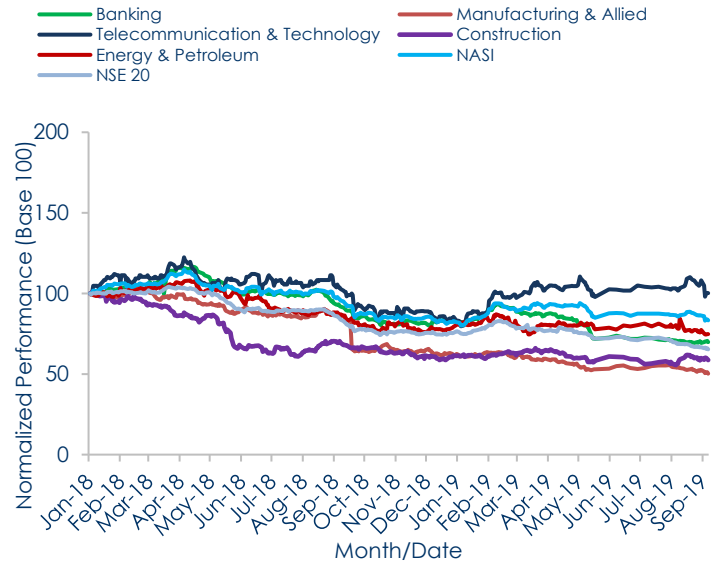
Market Watch:

Indices



Source: Sterling Capital & NSE

Sector Performance



Source: Sterling Capital & NSE

Debt Market:

1) Treasury Bonds

- Bond turnover over the week increased by 49.55% from KES.8.96Bn last week to KES.13.40Bn this week.
- W/W bond deals also declined from 319 to 343 during the week.

Metric	30-Aug-19	06-Sep-19
Bond Turnover	8.96	13.40

Source: NSE

2) Treasury Bills

- The 91 treasury bills was over-subscribed for the second week running with the subscription rate at 125.06%.
- The 182 day & 364-day treasury bill were under-subscribed during the week at 27.96% and 72.22% respectively.

Treasury Bill	Amount Offered (KES.Bn)	Bids Received (KES.Bn)	Amount Accepted (KES.Bn)	Performance Rate (%)
91-Day	4.0	5.00	5.00	125.06
182-Day	10.0	2.80	2.80	27.96
364-Day	10.0	7.22	7.21	72.22
Total	24.0	15.02	15.01	62.58

Source: CBK



T-Bill	Yield		Acceptance Rate (%)
	%	Δ Basis points	
91 -Days	6.375	100	100.00
182 -Days	6.995	160	100.00
364 -Days	9.520	1280	99.87

Source: CBK

Key Rates	(%)	Date
CBK Rate	9.00	24-Jul-19
Interbank Rate	5.87	05-Sep-19
CBK Discount Window	15.00	24-Jul-19
REPO	6.90	16-Aug-19
Horizontal REPO	11.50	02-Sep-14
Inflation	5.00	Aug-19

Source: CBK

Interbank Rates & Volume

- The weekly weighted average interbank rate increased from 5.45% to 4.33% during the week.
- The average weekly interbank volume went down from KES.11.25Bn to KES.8.16Bn.

News Updates

Inflation rate lowest since February, 2019 due to declining prices of food staples

- The rate of inflation in Kenya declined sharply to 5% in August, 2019 from 6.27% recorded in July, 2019.
- This is the lowest rate witnessed since February, 2019 whereby the rate of inflation was 4.15%.
- The month-on-month fall in inflation is largely attributable to favorable weather conditions – a trend witnessed over the past 5 months – which, in turn, has led to a decline in prices of majority of food staples consumed by Kenyans.
- Food and Beverages – which holds the greatest weight in the basket of goods and services used to calculate the CPI (Consumer Price Index) – witnessed a decline of 1.89% in prices from the previous month.
- Alcoholic beverages, tobacco, and narcotics, on the other hand, experienced the largest increase in prices – 0.27% from July, 2019.

Our View

- **The fall in inflation rate will boost the real rate of return on long term fixed income investments.**
- Since favorable weather conditions have contributed to the fall in the rate of inflation in August 2019, the rate of inflation is likely to decline further this month owing to the higher than expected rainfall forecasted by the Kenya Meteorological Department. This will have a favorable impact on food staples prices.
- Furthermore, crude oil prices are expected to average \$64 in the second half of the year – the same price observed in June and July, respectively. Thus, the price of petrol and diesel is unlikely to fall significantly.
- The fall in inflation rate is well below the upper limit of 7.5% set by the Central Bank of Kenya (CBK).
- Although, the rate of inflation declined in August, the Monetary Policy Committee (MPC) is unlikely to lower interest rates as commercial banks, in all likelihood, will not pass on the benefits to customers by lowering their lending rates owing to their weak financial position.



Safaricom seeks to stall the Airtel-Telkom merger as competitive pressures loom

- Safaricom acting-CEO Michael Joseph, on Tuesday, August 3 2019, sent a letter to the Communications Authority of Kenya (CA) urging them to ensure Telkom pays them KES. 1.2Bn to settle an outstanding debt.
- This is owing to the fact that Airtel has explicitly mentioned that they will not assume Telkom's liabilities which, in turn, will prove to be a challenge for Safaricom as Telkom owes an outstanding KES.906.6Mn which they will be unable to recover if the merger goes through.
- Safaricom also believes it is being treated unfairly by the CA as they are being denied additional spectrum capacity even though it has been investing the most money in setting up additional networks and purchasing licenses.

Our View:

- It is still inconclusive as to whether the merger will take place in the first place as it still faces legal and other hurdles from former Airtel employees, corruption investigations relating to the restructuring and recapitalization of the business in 2012 in addition to the one mentioned by Safaricom.
- These hurdles could affect the possibility and the timeline of the proposed merger.
- **The merger of Safaricom's two main competitors in the mobile communications business is a threat to the telco giant as it is likely to present them a more formidable competitive threat.**
- Following the merger their combined market share will touch 34% whereas, Safaricom will hold a share of 62.4% (March 2019 statistics from the Communications Authority).
- Although, Safaricom will continue to be the dominant player in the telecom industry, it will be interesting to observe whether they continue to acquire new customers in their telecommunications business.
- With regards to the different business lines, we see the new merged entity as a threat in the voice and mobile data business but less of a threat in mobile money transfer and payments as well as fixed data.

Source: Business Daily, Communications Authority of Kenya (CA) & Sterling Capital Research

Company Announcements

Company	Announcement	Book Closure Date	Payment Date
NMG	Interim dividend KES.1.50	13/9/2019	30/9/2019
Standard Chartered	Interim dividend KES.5.00	23/9/2019	30/10/2019
Stanbic	Interim dividend KES.1.25	9/9/2019	27/9/2019
EABL	Final dividend-KES.6.00	Subject to approval	Subject to approval
Centum	Final dividend KES.1.20	02/10/2019	(Subject to approval)
NIC	Interim dividend KES.0.25	30/9/2019	15/10/2019
Longhorn	Final dividend KES.0.52	28/11/2019	26/02/2020
Barclays	Interim dividend KES.0.20	07/9/2019	11/10/2019
Jubilee	Interim dividend KES.1.00	13/9/2019	07/10/2019
B.O.C Kenya	Interim dividend KES.2.35	27/9/2019	15/10/2019