



## Key Market Indicators

Key Indicators (Weekly)	27-Sep-19	03-Oct-19	%
NSE20 Share Index	2435.92	2438.97	0.13
NSE25 Share Index	3457.24	3505.32	1.39
NSE All Share Index	144.27	147.23	2.05
Equity Turnover (KshMn)	2621.62	2259.68	13.81
Volume shares traded(Mn)	85.11	81.71	0.04
Bonds Traded (KES Bn)	13.79	9.14	33.72
Mkt. Cap. (Ksh Billion)	2171.96	2221.15	2.00
Mkt. Cap. (US\$ Billions)	20.92	21.40	2.00

## Top Gainer Stocks

Stock	27-Sep-19	04-Oct-19	Δ (%)
LIBERTY	8.84	9.74	10.18
UMEME	6.64	7.30	9.94
C&G	22.00	24.00	9.09
SASINI	16.20	17.55	8.33
LONGHORN	6.88	7.40	7.56

## Top Loser Stocks

Stock	27-Sep-19	04-Oct-19	Δ (%)
EAAGADS	14.00	12.50	10.71
CENTUM	31.20	28.50	8.65
CIC	3.30	3.05	7.58
PAFR	18.75	17.40	7.20
UNGA	34.00	31.65	6.91

## Top Movers

Counter	Price (Ksh)	Vol 'Mn'	Value (Ksh 'Mn')
SAFARICOM	28.05	33.37	936.03
KCB	41.85	14.44	604.42
EQUITY	37.90	11.80	447.19
EABL	195.00	0.35	69.13
CENTUM	28.50	1.35	38.38

## Foreign Trades (30-Sep-2019 - 04-Oct-2019)

Day	BUYS(Ksh 'Mn')	SALES(Ksh 'Mn')	NET(Ksh 'Mn')
Monday	155.94	135.98	19.96
Tuesday	283.78	272.29	11.49
Wednesday	529.22	365.99	163.22
Thursday	497.00	610.82	-113.83
Friday	331.17	182.66	127.04
<b>Total</b>	<b>1797.10</b>	<b>1909.17</b>	<b>207.88</b>

## Market Statistics (Values in 'Mn') 30-Sep- 2019 – 04-Oct- 2019)

Day	Turnover (Mn)	Foreign Buys %	Foreign Sales %	Vol(Mn)
Monday	183.34	42.53	37.08	6.30
Tuesday	367.30	38.63	37.07	18.42
Wednesday	581.54	45.50	31.47	20.38
Thursday	764.13	32.52	39.97	23.92
Friday	363.61	42.36	31.25	12.73
<b>Total</b>	<b>2259.91</b>			<b>81.75</b>

Source SCL

## Average Interbank Rates

Date	Value (KshBn)	Ave. Interbank Rate (%)
20-Sep-26-Sep-2019	7.81	7.26
27-Sep-2019	5.90	7.35
30-Sep-2019	10.87	7.95
01-Oct-2019	3.77	7.41
02-Oct-2019	4.91	7.41
03-Oct-2019	5.34	7.35
27-Sep-03-Oct-2019	6.16	7.49

Currency	20-Sep-19	27-Sep-19	Δ %
US Dollar	103.82	103.81	0.01
STG Pound	128.19	128.40	0.164
EURO	113.70	113.71	0.01
Japanese Yen	96.56	96.97	0.43
SA Rand	6.93	6.84	1.30
KES/USHS	35.45	35.44	0.03
KES/TSHS	22.15	22.14	0.05
KES/RWF	8.89	8.91	0.23

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 (%)
<b>Agricultural</b>								
Eaagads	12.5	(0.1)	(0.5)	13.9	0.0	22.3	22.3	-
Kakuzi	423.3	0.0	0.3	420.2	0.0	15.7	15.7	0.0
Kapchorua Tea	78.8	0.1	0.2	74.3	0.1	-	2.6	0.1
Limuru Tea	470.0	-	(0.1)	470.0	-	370.1	250.0	0.0
Sasini	16.2	0.1	(0.4)	16.3	0.0	4.1	2.5	0.1
Williamson Tea	137.0	0.0	(0.1)	135.8	0.8	-	3.4	0.3
<b>Automobiles</b>								
Car & General	24.0	0.1	0.1	22.0	0.0	31.6	17.4	-
<b>Banking</b>								
Barclays Bank	11.2	0.0	0.2	11.0	15.5	8.2	8.8	0.1
Diamond Trust	115.0	0.0	(0.4)	37.5	-	4.8	4.7	0.0
Equity Bank	37.9	0.0	(0.1)	37.5	3.6	7.3	5.6	0.1
Housing Finance	6.9	(0.0)	(0.3)	7.3	447.2	-	-	-
I&M Holdings	45.1	0.0	(0.6)	45.0	34.2	2.8	2.6	0.1
KCB	41.9	(0.0)	(0.0)	42.0	604.4	5.3	6.1	0.1
National Bank	4.1	-	(0.6)	4.1	-	199.2	-	-
NIC Bank	29.5	0.0	(0.1)	28.9	3.6	4.5	4.2	0.0
Stanbic Holdings	96.3	0.0	0.2	96.0	8.4	6.1	5.7	0.1
StanChart	198.0	0.0	(0.1)	194.3	2.3	8.4	9.9	0.1
Co-op Bank	12.1	0.0	(0.2)	11.8	9.1	5.6	5.0	0.1
<b>Commercial</b>								
Atlas Development	-	-	-	-	-	-	-	-
Deacons E A	1.1	-	(0.7)	0.5	-	-	-	-
Eveready	6.8	(0.0)	1.8	1.1	0.0	0.4	0.4	-
Express	2.6	0.0	(0.3)	6.5	0.0	-	-	-
Kenya Airways	7.4	0.0	(0.6)	2.5	0.5	-	-	-
Longhorn Kenya	0.8	0.1	(0.8)	6.9	0.7	11.2	11.2	0.0
Nairobi Business V.	40.7	(0.0)	11.7	0.9	0.0	0.4	0.4	-
Nation Media	3.2	(0.0)	(1.0)	41.3	3.7	3.4	3.7	0.2
Sameer Africa	25.5	(0.0)	8.3	3.2	0.1	-	-	-
Standard Group	19.9	0.0	(0.5)	24.8	0.0	11.9	11.0	-
TPS EA	0.3	(0.1)	(1.0)	21.1	0.1	12.2	-	0.1
Uchumi	13.5	-	1.9	0.3	0.2	-	0.2	-
WPP Scangroup	13.5	0.0	(1.0)	13.3	15.3	12.0	9.0	0.1
<b>Construction</b>								
ARM	5.6	-	(0.6)	95.5	-	-	-	-
Bamburi Cement	95.0	(0.0)	(0.5)	80.0	0.4	6.6	6.9	0.1
Crown Berger	80.0	-	-	2.9	0.1	123.1	93.0	0.0
E.A.Cables	3.0	0.0	(0.5)	17.5	0.1	-	-	-
E.A.Portland	18.5	0.1	(0.3)	-	0.0	0.4	0.2	-
<b>Energy</b>								
KenGen	5.8	(0.0)	(0.3)	22.0	7.7	4.2	5.4	0.1
KenolKobil	22.0	-	0.5	2.9	-	13.4	16.1	0.0
KPLC	2.8	(0.0)	(0.7)	29.0	2.8	0.8	0.8	0.2
Total Kenya	28.0	(0.0)	0.2	6.6	0.6	10.9	9.7	0.0
Umeme Ltd	7.3	0.1	(0.5)	-	0.0	3.6	4.1	0.1
<b>Insurance</b>								
BRITAM	7.0	(0.0)	1.1	3.3	4.3	-	-	-
CIC	3.1	(0.1)	(0.9)	350.0	0.2	43.6	23.5	0.0
Jubilee	346.0	(0.0)	2.0	2.9	23.9	8.0	7.9	0.0
Kenya Re	3.0	0.0	(0.9)	8.8	14.3	0.6	0.6	0.2
Liberty Kenya	9.7	0.1	(0.7)	18.8	0.1	8.3	9.3	-
Sanlam	17.4	(0.1)	(0.4)	-	0.2	27.6	-	-
<b>Investments</b>								
Centum	28.5	(0.1)	(0.3)	0.5	38.4	2.6	2.4	-
Home Afrika	0.5	-	(0.7)	1,500.0	0.1	-	-	-
Kurwitu	1,500.0	-	-	2.1	-	-	-	-
Olympia Capital	2.2	0.0	(0.3)	3.2	0.1	8.4	8.4	-
TransCentury	3.1	(0.0)	(0.5)	-	0.0	-	78.0	-
<b>Investment Service</b>								
NSE	10.4	(0.0)	(0.5)	-	0.8	14.6	30.4	0.0
<b>Manufacturing</b>								
BOC	58.0	(0.0)	(0.5)	485.8	0.0	7.6	7.5	0.1
BAT	500.0	0.0	(0.3)	8.0	1.8	11.8	11.2	0.1
Carbacid	8.0	(0.0)	(0.3)	194.0	0.8	5.4	5.2	0.1
EABL	195.0	0.0	(0.2)	2.2	69.1	16.0	16.0	0.0
Flame Tree	2.3	0.1	(0.5)	12.6	0.0	1.7	2.2	-
Kenya Orchards	12.6	-	(0.9)	0.3	-	38.2	42.0	-
Mumias Sugar	0.3	-	(0.8)	33.8	-	-	-	-
Unga Group	31.7	(0.1)	0.1	-	0.1	7.3	8.5	0.0
<b>Telecommunication</b>								
Safaricom	28.1	0.0	0.0	27.1	936.0	17.8	17.8	0.0



## Sector Performances

Segment	27-Sep-19	04-Oct-19	Week/Week	YTD (%)
Banking	73.98	74.44	0.63	9.93
Manufacturing	49.17	49.14	0.05	20.47
Telecommunication	101.31	104.86	3.51	26.07
Energy & Petroleum	72.70	72.81	0.15	11.12
Insurance	49.75	49.39	0.73	36.41
Construction	58.95	60.04	1.85	2.29
Commercial	42.16	42.26	0.24	17.60
Agricultural	72.63	73.07	0.60	16.07
Automobile	86.96	94.86	9.09	15.05
Investment	62.07	61.26	1.31	3.26
NSE 20	2435.92	2438.97	0.13	13.60
NASI	144.27	147.23	2.05	5.01

Source: Sterling Capital & NSE

## Kenya Weekly Commentary:

### Market Watch:

### Indices

	<b>NSE 20</b> 2438.97		<b>NSE 25</b> 3505.32		<b>NASI</b> 147.23
<b>0.13%</b>		<b>1.39%</b>		<b>2.05%</b>	

### Equity Turnover

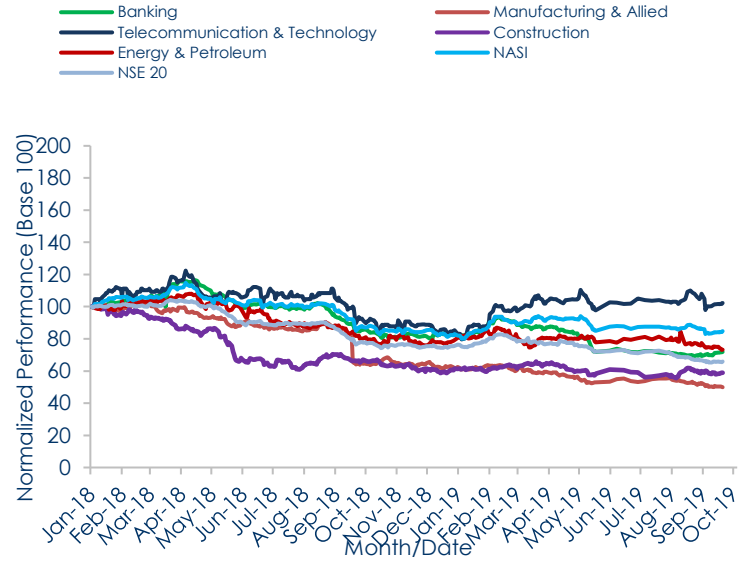
	<b>KES. 2259.68Mn</b>
<b>13.81%</b>	

### Bond Turnover

	<b>KES. 9.14Bn</b>
<b>33.72%</b>	

Source: Sterling Capital & NSE

## Sector Performance



Source: Sterling Capital & NSE

## Debt Market:

### 1) Treasury Bonds

- Bond turnover over the week increased by 33.72% from KES.13.79Bn last week to KES.9.14Bn this week.
- W/W bond deals decreased from 739 to 488 during the week.

Metric	20-Sep-19	27-Sep-19
Bond Turnover	7.90	13.79

Source: NSE

### 2) Treasury Bills

- The 91 day and 182 day papers were fully subscribed with the subscription rate at 100%.
- The 364-day treasury bill received bids worth KES. 17.06Bn, and was under-subscribed by 45.56%.

Treasury Bill	Amount Offered (KES.Bn)	Bids Received (KES.Bn)	Amount Accepted (KES.Bn)	Performance Rate (%)
91-Day	4.0	2.39	2.39	59.63
182-Day	10.0	1.28	1.28	12.77
364-Day	10.0	17.06	7.77	170.64
<b>Total</b>	<b>24.0</b>	<b>20.73</b>	<b>11.44</b>	<b>86.36</b>

Source: CBK



T-Bill	Yield		Acceptance Rate (%)
	%	Δ Basis points	
91 -Days	6.378	7.10	100.00
182 -Days	7.20	2.50	100.00
364 -Days	9.798	2.10	45.56

Source: CBK

Key Rates	(%)	Date
CBK Rate	9.00	24-Jul-19
Interbank Rate	7.35	03-Oct-19
CBK Discount Window	15.00	24-Jul-19
REPO	6.90	16-Aug-19
Horizontal REPO	11.50	02-Sep-14
Inflation	3.83	Sep-19

Source: CBK

## Interbank Rates & Volume

- The weekly weighted average interbank rate increased from 7.26% to 7.49% during the week.
- The average weekly interbank volume went down from KES. 7.81Bn to KES. 6.16Bn.

## News Updates

### Treasury plans to raise the cap for state borrowing to KES.9Tn

- The Treasury announced that it intends to increase the limit of public debt to KES. 9Tn, a move that will amplify the already mounting levels of public debt.
- The plan will alter the present law which restricts the quantum of public debt to half of the country's Gross Domestic Product (GDP).
- As a result, the Treasury will hasten its borrowing in order to reach the KES. 9.1Tn debt target it has set, to be reached by July 2023.
- This will be a near 60% jump in public debt levels from the KES. 5.7Tn reached in June this year.
- Furthermore, Kenya's public debt as a percentage of GDP has swelled from 42% when President Uhuru Kenyatta took the Office in 2013 to 55% in 2019, so far.
- However, the Government has defended the rise in public debt by stating that investments in improving the country's infrastructure, such as building roads and railways, will not be possible without doing so.

## Our View

- **With the intended increase in the public debt ceiling, the Government is likely to increase its efforts to enhance tax compliance and increase tax collection as a means of reducing the fiscal deficit.**
- A significant proportion of the country's income through borrowing and taxation will be directed towards debt service.
- Our concern is on long term debt sustainability as a result of the new debt ceiling, especially with the Government's regular failure to meet its revenue targets and its inability to contain expenditure which often exceeds its target.

Sources- Business Daily and Sterling Research



## Commercial banks' exposure to Government debt a sign of worry according to Central Bank

- The Central Bank of Kenya (CBK) believes that commercial banks' holding of government securities could be a sign of impending distress in the near future.
- Banks raised their investments in government securities following the implementation of interest rates caps on September 2016 as they have increasingly stayed away from lending to households and the private sector, particularly to SMEs (Small and Medium Enterprises).
- Investment in government securities swelled by 19% in 2018 compared with a mere 3.1% growth in loans and advances.
- The CBK cautioned that while a reduction in lending activities by banks may temper the rate of defaults on loans and advances, a decline in borrowing by the government in order to lower its fiscal deficit is likely to hurt them.
- As of December 2018, government bonds made up 20.1% of the total liquidity of banks, 24.36% of total assets held by banks, and 16% of their total income.
- The CBK's warning comes at a time when the Government is looking to exercise fiscal discipline as it is presently faced with a ballooning level of debt coupled with a decline in tax revenue which, in turn, has led to the fiscal deficit hitting 6.70% in 2018.

### Our View:

- **We agree with the CBK's stance on commercial banks' growing dependence on government securities.**
- It would be prudent for banks to have a more diversified balance sheet in terms of finding a balance between holdings of government securities and loans and advances.
- This would mean that banks would reduce the impact of interest rate shocks on their financial performance in the event this occurs.
- Our position is that interest rates are largely stable under the current interest rate regime and the risk remains low but cannot be entirely ignored.
- In terms of bank profitability, commercial banks could look for ways to increase non-interest income to reduce their dependence on interest income which continues to grow at a slower pace since they cut on lending and interest rates on government securities declined.

Sources- Business Daily and Sterling Research

## Company Announcements

Company	Announcement	Book Closure Date	Payment Date
Standard Chartered	Interim dividend KES.5.00	23/9/2019	30/10/2019
EABL	Final dividend- KES.6.00	Subject to approval	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
Unga Group	Final dividend KES.0.50	05/12/2019	15/01/2019