



Key Market Indicators

Key Indicators (Weekly)	04-Oct-19	11-Oct-2019	%
NSE20 Share Index	2438.97	2455.27	0.67
NSE25 Share Index	3505.32	3497.78	0.22
NSE All Share Index	147.23	147.64	0.28
Equity Turnover (KshBn)	2.26	1.39	38.50
Volume shares traded(Mn)	81.71	42.14	48.43
Bonds Traded (KES Bn)	9.14	3.51	61.60
Mkt. Cap. (Ksh Billion)	2221.15	2227.60	0.29
Mkt. Cap. (US\$ Billions)	21.40	21.47	0.33

Top Gainer Stocks

Stock	04-Oct-19	11-Oct-19	Δ (%)
KPLC	2.80	3.08	10.00
UCHUMI	0.27	0.29	7.41
NBV	0.84	0.90	7.14
STANDARD	25.50	27.25	6.86
TOTAL KENYA	28.00	29.90	6.79

Top Loser Stocks

Stock	04-Oct-19	11-Oct-19	Δ (%)
C&G	24.00	21.60	10.00
CROWN	80.00	72.00	-10.00
TPSE	19.85	17.95	9.57
EAAGADS	12.50	11.35	9.20
LONHGORN	7.40	6.72	9.19

Top Movers

Counter	Price (Ksh)	Vol 'Mn'	Value (Ksh 'Mn')
EQUITY BANK	36.10	13.90	501.93
SAFARICOM	28.05	14.54	413.73
JUBILEE	346.00	0.18	263.55
KCB	41.80	4.68	195.78
BAT	500.00	0.13	64.25

Foreign Trades - (04-Oct-2019- 11-Oct-2019)

Day	BUYS(Ksh 'Mn')	SALES(Ksh 'Mn')	NET(Ksh 'Mn')
Monday	153.81	364.40	-210.59
Tuesday	195.81	115.73	80.08
Wednesday	147.09	130.89	16.19
Thursday	-	-	-
Friday	271.01	194.80	76.21
Total	767.72	805.83	-38.10

Market Statistics (Values in 'Mn') (04-Oct-2019- 11-Oct-2019)

Day	Turnover (Mn)	Foreign Buys %	Foreign Sales %	Vol(Mn)
Monday	429.99	17.89	42.37	14.31
Tuesday	326.10	30.02	17.74	7.49
Wednesday	241.18	30.49	27.14	7.76
Thursday	-	-	-	-
Friday	392.02	34.57	8.89	12.59
Total	1389.29			42.15

Source SCL

Average Interbank Rates

Date	Value (KshBn)	Ave. Interbank Rate (%)
27-Sep-03-Oct-2019	6.16	7.49
04-Oct-2019	6.80	7.21
07-Oct-2019	6.65	6.96
08-Oct-2019	4.26	6.80
09-Oct-2019	5.10	7.11
10-Oct-2019	-	-
04-Oct-10-Oct-2019	5.70	7.02

Currency	04-Oct-19	04-Oct-19	Δ %
US Dollar	103.81	103.76	0.05
STG Pound	128.40	126.75	1.29
EURO	113.71	113.92	0.18
Japanese Yen	96.97	96.61	0.37
SA Rand	6.84	6.84	0.00
KES/USHS	35.44	35.61	0.48
KES/TSHS	22.14	22.16	0.09
KES/RWF	8.91	8.78	1.46

Source: CRK 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	11.4	(0.1)	(0.5)	12.4	0.0	20.3	20.3	-
Kakuzi	423.5	0.0	0.3	423.3	-	15.7	15.7	0.0
Kapchorua Tea	79.8	0.0	0.2	78.7	0.1	-	2.7	0.1
Limuru Tea	470.0	-	(0.1)	470.0	-	370.1	250.0	0.0
Sosini	17.6	(0.0)	(0.4)	17.5	0.1	4.1	2.5	0.1
Williamson Tea	135.0	(0.0)	(0.1)	137.0	1.3	-	3.3	0.3
Automobiles								
Car & General	21.6	(0.1)	0.0	24.0	0.0	28.4	15.7	-
Banking								
Barclays Bank	11.1	(0.0)	0.2	11.2	5.9	8.1	8.7	0.1
Diamond Trust	114.8	(0.0)	(0.4)	37.9	-	4.8	4.7	0.0
Equity Bank	36.1	(0.0)	(0.1)	37.9	0.4	6.9	5.4	0.1
Housing Finance	6.9	-	(0.3)	6.9	501.9	-	-	-
I&M Holdings	46.1	0.0	(0.6)	45.1	5.6	2.9	2.6	0.1
KCB	41.8	(0.0)	(0.0)	41.9	195.8	5.3	6.1	0.1
National Bank	4.1	-	(0.6)	4.1	-	199.2	-	-
NIC Bank	29.0	(0.0)	(0.1)	29.5	16.0	4.4	4.1	0.0
Stanbic Holdings	96.0	(0.0)	0.2	96.3	0.8	6.0	5.7	0.1
StanChart	195.5	(0.0)	(0.1)	198.0	4.2	8.3	9.8	0.1
Co-op Bank	12.1	0.0	(0.2)	12.0	33.0	5.6	5.0	0.1
Commercial								
Atlas Development	-	-	-	-	-	-	-	-
Deacons E A	1.1	-	(0.7)	0.5	-	-	-	-
Eveready	6.5	0.0	1.7	1.1	0.0	0.4	0.4	-
Express	2.7	(0.0)	(0.3)	6.8	0.0	-	-	-
Kenya Airways	6.7	0.1	(0.6)	2.6	0.4	-	-	-
Longhorn Kenya	0.9	(0.1)	(0.8)	7.4	0.1	10.2	10.2	0.1
Nairobi Business V.	42.7	0.1	12.3	0.8	0.0	0.4	0.4	-
Nation Media	3.2	0.1	(1.0)	40.8	1.6	3.6	3.9	0.2
Sameer Africa	27.3	0.0	8.9	3.2	0.0	-	-	-
Standard Group	18.0	0.1	(0.5)	25.5	0.0	12.7	11.7	-
TPS EA	0.3	(0.1)	(1.0)	19.7	0.1	11.0	-	0.1
Uchumi	13.5	0.1	1.9	0.3	0.0	-	0.2	-
WPP Scangroup	13.5	0.0	(1.0)	13.5	0.5	12.1	9.0	0.1
Construction								
ARM	5.6	-	(0.6)	95.0	-	-	-	-
Bamburi Cement	95.8	0.0	(0.5)	80.0	0.2	6.6	6.9	0.1
Crown Berger	72.0	(0.1)	(0.1)	3.0	0.1	110.8	83.7	0.0
E.A.Cables	2.8	(0.1)	(0.5)	18.5	0.1	-	-	-
E.A.Portland	18.5	-	(0.3)	-	0.0	0.4	0.2	-
Energy								
KenGen	5.8	-	(0.3)	22.0	2.2	4.2	5.4	0.1
KenolKobil	22.0	-	0.5	2.8	-	13.4	16.1	0.0
KPLC	3.1	0.1	(0.7)	28.0	1.0	0.8	0.8	0.2
Total Kenya	29.9	0.1	0.3	7.3	0.1	11.6	10.4	0.0
Umeme Ltd	7.5	0.0	(0.4)	-	1.0	3.7	4.2	0.1
Insurance								
BRITAM	6.9	(0.0)	1.1	3.1	9.7	-	-	-
CIC	3.0	(0.0)	(0.9)	346.0	0.2	42.9	23.1	0.0
Jubilee	350.0	0.0	2.0	3.0	263.6	8.1	8.0	0.0
Kenya Re	3.0	0.0	(0.9)	9.7	1.6	0.6	0.6	0.1
Liberly Kenya	9.8	0.0	(0.8)	17.4	0.0	8.3	9.3	-
Sanlam	17.4	-	(0.4)	-	0.3	27.6	-	-
Investments								
Centum	28.9	0.0	(0.3)	0.5	5.8	2.6	2.5	-
Home Afrika	0.5	(0.1)	(0.7)	1,500.0	0.1	-	-	-
Kurwitu	1,500.0	-	-	2.2	-	-	-	-
Olympia Capital	2.0	(0.1)	(0.4)	3.1	0.0	7.7	7.7	-
TransCentury	2.9	(0.1)	(0.6)	-	0.1	-	72.5	-
Investment Service								
NSE	10.6	0.0	(0.5)	-	0.3	14.9	31.0	0.0
Manufacturing								
BOC	57.8	(0.0)	(0.5)	500.0	0.7	7.6	7.4	0.1
BAT	486.0	(0.0)	(0.4)	8.0	64.2	11.4	10.9	0.1
Carbacid	7.6	(0.1)	(0.4)	195.0	1.3	5.2	4.9	0.1
EABL	192.3	(0.0)	(0.2)	2.3	51.3	15.8	15.8	0.0
Flame Tree	2.1	(0.1)	(0.5)	12.6	0.0	1.5	2.0	-
Kenya Orchards	12.6	-	(0.9)	0.3	-	38.2	42.0	-
Mumias Sugar	0.3	-	(0.8)	31.7	-	-	-	-
Unga Group	31.6	(0.0)	0.1	-	0.0	7.3	8.4	0.0
Telecommunication								
Safaricom	28.5	0.0	0.1	28.1	413.7	18.0	18.0	0.0



Sector Performances

Segment	04-Oct-19	11-Oct-19	Week/Week	YTD (%)
Banking	74.44	73.96	0.64	10.51
Manufacturing	49.14	48.01	2.43	22.30
Telecommunication	104.86	106.36	1.43	27.87
Energy & Petroleum	72.81	75.60	3.83	7.71
Insurance	49.39	49.38	0.02	36.42
Construction	60.04	57.98	3.42	5.64
Commercial	42.26	42.69	1.01	16.77
Agricultural	73.07	71.85	1.67	16.97
Automobile	94.86	85.38	10.00	23.54
Investment	61.26	58.75	4.09	7.21
NSE 20	2438.97	2455.27	0.67	13.02
NASI	147.23	147.64	0.28	5.31

Source: Sterling Capital & NSE

Kenya Weekly Commentary:

Market Watch:

Indices



Equity Turnover

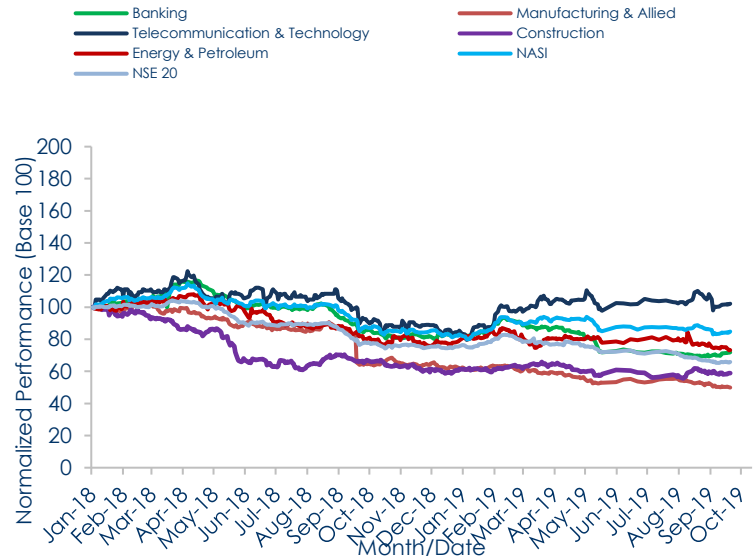


Bond Turnover



Source: Sterling Capital & NSE

Sector Performance



Source: Sterling Capital & NSE

Debt Market:

1) Treasury Bonds

- Bond turnover over the week decreased by 61.60% from KES.9.14Bn last week to KES.3.15Bn this week.
- W/W bond deals decreased from 488 to 410 during the week.

Metric	04-Oct-19	11-Oct-19
Bond Turnover	9.14	3.15

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. 17.72Bn, and was under-subscribed by 62.27%.

Treasury Bill	Amount Offered (KES.Bn)	Bids Received (KES.Bn)	Amount Accepted (KES.Bn)	Performance Rate (%)
91-Day	4.0	5.38	5.38	134.39
182-Day	10.0	0.50	0.50	4.95
364-Day	10.0	17.72	11.04	177.24
Total	24.0	23.60	16.91	98.31

Source: CBK



T-Bill	Yield		Acceptance Rate (%)
	%	Δ Basis points	
91 -Days	6.37	0.90	100.00
182 -Days	7.25	5.00	100.00
364 -Days	9.79	0.60	62.27

Source: CBK

Key Rates	(%)	Date
CBK Rate	9.00	23-Sep-19
Interbank Rate	7.11	09-Oct-19
CBK Discount Window	15.00	23-Sep-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 decreased from 7.49% to 7.02% during the week.
- The average weekly interbank volume went down from KES. 6.16Bn to KES. 5.70Bn.

News Updates

The merged entity of NIC and CBA banks to expand branch network

- Following the merger between NIC Bank and CBA Bank, now named as NCBA Bank, Group Managing Director, Mr. John Gachora has announced that the merged entity will expand its branch network across Kenya over the 17 counties the group operates in at present.
- The rationale behind the planned expansion will occur in order to be able to capitalize on the opportunities retail banking is expected to offer in the near future.
- At present, retail banking, which includes services provided to Small and Medium Enterprises (SMEs) and individual customers, contributes nearly 40% to the overall banking sector's revenues with the remaining 60% made up by the corporate and treasury business.
- Moreover, following the merger, the combined entity has branches overlapping in multiple locations, and in some cases, the branches are in the same building, for example in Thika Road Mall.
- Hence, although a rationalization of the number of branches is expected, the management has stated that for each closed branch, one or two new ones will be opened in strategic locations.

Our View

- **We believe NCBA Bank's strategy of boosting lending to SMEs through an expansion of the number of branches is an overall positive step taken.**
- Between 2016 and 2018, credit growth to the private sector has fallen from 9.4% to 5.2%; therefore, if SMEs in particular can gain access to increased credit through NCBA Bank, it will bode well for the economy in the form of enhanced jobs that will be created among other benefits.
- However, we must note that prior to the merger, NIC Bank had one of the highest Non-Performing Loan (NPL) ratios in the banking sector – 13.3% vis-à-vis 12.7% on average for the overall sector.
- As a result, the combined entity of NCBA Bank will have to be wary of deteriorating asset quality if it goes on a lending spree to SMEs as CBA Bank also reported a deterioration in asset quality preceding the merger with NIC Bank – its NPL ratio rose from 9.1% in HY2018 to 9.2% in HY2019.



Trade deficit declines on the back of a drop in imports

- Kenya's trade deficit, which occurs when a country's imports exceed its exports, fell marginally from KES.579.05Bn in the first 6 months of the year in HY2018 to KES.567.89Bn in the same period this year.
- According to statistics released by the Kenya National Bureau of Statistics (KNBS), imports declined by 3.1% to KES.871Bn in the first half of the year.
- The fall in import levels was driven by a cut in expenditure on key raw material inputs such as iron and steel, in addition to a decline in imports of industrial and agricultural machinery, including tractors.
- Moreover, imports of non-essential items such as clothing, furniture and beddings which cumulatively declined to KES.976Mn in the period under consideration.
- Additionally, export earnings also fell by KES.16.7Bn in the same period which also contributed to the trade deficit falling by 1.93% in the given period.

Our View:

- **Though the narrowing of the country's trade deficit indicates a declining dependence on imports, this is more indicative of a slowdown in the Kenyan economy and not the other way round.**
- This view is supported by the fact that Kenya's economic growth rate fell by 5.6% in the second quarter of this year from 6.4% in the same period in 2018.
- Furthermore, the fall in imports of raw material inputs such as iron and steel (imports fell by KES.5.1 Bn) emphasizes the manufacturing sector's inability to utilize its existing capacity which in turn has hindered job creation in the sector.
- The sector's contribution to the country's Gross Domestic Product (GDP) has been lagging at 10% for the past 10 years.
- In addition, the decline in exports also points to the challenging environment domestic firms are operating under.

Sources- Business Daily and Sterling Research

Company Announcements

Company	Announcement	Book Closure Date	Payment Date
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