



## Key Market Indicators

Key Indicators (Weekly)	11-Oct-19	18-Oct-2019	%
NSE20 Share Index	2455.27	2460.75	0.22
NSE25 Share Index	3497.78	3549.46	1.48
NSE All Share Index	147.64	148.36	0.49
Equity Turnover (KshBn)	1.63	3.57	119.02
Volume shares traded(Mn)	49.90	97.04	94.47
Bonds Traded (KES Bn)	3.91	10.08	157.80
Mkt. Cap. (Ksh Billion)	2227.60	2338.50	4.98
Mkt. Cap. (US\$ Billions)	21.47	22.55	6.52

## Top Gainer Stocks

Stock	11-Oct-19	18-Oct-19	Δ (%)
HAFR	0.46	0.54	17.39
NIC	29.00	31.95	10.17
UNGA	31.55	34.50	9.35
EXPRESS	6.50	7.10	9.23
EAGADS	11.35	12.20	7.49

## Top Loser Stocks

Stock	04-Oct-19	11-Oct-19	Δ (%)
SASINI	17.50	15.05	14.00
PORT	2.76	2.71	9.73
UCHUMI	0.29	0.27	6.90
KPLC	3.08	2.91	5.52
NATION	42.70	40.75	4.57

## Top Movers

Counter	Price (Ksh)	Vol 'Mn'	Value (Ksh 'Mn')
EQUITY	38.00	59.75	2270.82
SAFRICOM	28.25	18.17	513.28
KCB	43.25	6.31	272.95
EABL	192.00	1.20	230.13
DTB	117.50	1.09	127.64

## Foreign Trades - (11-Oct-2019- 18-Oct-2019)

Day	BUYS(Ksh 'Mn')	SALES(Ksh 'Mn')	NET(Ksh 'Mn')
Monday	104.71	132.91	-28.20
Tuesday	51.74	40.76	10.98
Wednesday	182.88	336.68	-153.80
Thursday	1171.74	1755.85	-584.11
Friday	793.18	935.75	-142.57
<b>Total</b>	<b>2304.25</b>	<b>3201.95</b>	<b>-897.70</b>

## Market Statistics (Values in 'Mn') (11-Oct- 2019- 18-Oct- 2019)

Day	Turnover (Mn)	Foreign Buys %	Foreign Sales %	Vol(Mn)
Monday	141.77	36.93	46.88	2.50
Tuesday	75.55	34.24	26.97	3.21
Wednesday	360.11	25.39	46.75	11.58
Thursday	1965.63	29.81	44.66	50.64
Friday	1000.19	39.65	46.78	28.16
<b>Total</b>	<b>3543.26</b>			<b>42.15</b>

Source SCL

## Average Interbank Rates

Date	Value (KshBn)	Ave. Interbank Rate (%)
<b>04-Oct-10-Oct-2019</b>	<b>5.70</b>	<b>7.02</b>
11-Oct-2019	3.45	7.99
14-Oct-2019	6.30	7.16
15-Oct-2019	7.44	7.03
16-Oct-2019	3.71	6.91
17-Oct-2019	6.62	7.59
<b>11-Oct-17-Oct-2019</b>	<b>5.50</b>	<b>7.34</b>

Currency	11-Oct-19	18-Oct-19	Δ %
US Dollar	103.76	103.70	0.06
STG Pound	126.75	132.91	4.86
EURO	113.92	115.37	1.27
Japanese Yen	96.61	95.53	1.12
SA Rand	6.84	6.99	2.19
KES/USHS	35.61	35.58	0.08
KES/TSHS	22.16	22.20	0.18
KES/RWF	8.78	8.93	1.71

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	12.2	0.1	(0.5)	11.4	0.0	21.8	21.8	-
Kakuzi	423.5	-	0.3	423.5	0.1	15.7	15.7	0.0
Kapchorua Tea	77.0	(0.0)	0.1	79.5	0.1	-	2.6	0.1
Limuru Tea	460.0	(0.0)	(0.1)	470.0	0.1	362.2	244.7	0.0
Sosini	17.5	(0.1)	(0.4)	17.6	0.3	3.6	2.2	0.1
Williamson Tea	134.0	(0.0)	(0.2)	135.0	1.9	-	3.3	0.3
<b>Automobiles</b>								
Car & General	22.0	0.0	0.0	21.6	0.0	28.9	15.9	-
<b>Banking</b>								
Barclays Bank	11.4	0.0	0.2	11.1	14.7	8.3	8.9	0.1
Diamond Trust	117.5	0.0	(0.4)	36.2	-	4.9	4.8	0.0
Equity Bank	38.0	0.1	(0.1)	36.2	127.6	7.3	5.6	0.1
Housing Finance	6.8	(0.0)	(0.3)	6.9	2,270.8	-	-	-
I&M Holdings	49.0	0.1	(0.6)	46.2	0.6	3.1	2.8	0.1
KCB	43.3	0.0	0.0	41.8	272.9	5.5	6.3	0.1
National Bank	4.1	-	(0.6)	4.1	-	199.2	-	-
NIC Bank	32.0	0.1	(0.1)	29.1	24.2	4.8	4.6	0.0
Stanbic Holdings	99.5	0.0	0.2	96.0	0.7	6.3	5.9	0.1
StanChart	195.8	0.0	(0.1)	195.5	1.9	8.3	9.8	0.1
Co-op Bank	12.5	0.0	(0.2)	12.1	16.4	5.7	5.2	0.1
<b>Commercial</b>								
Atlas Development	-	-	-	-	-	-	-	-
Deacons E A	1.1	-	(0.7)	0.5	-	-	-	-
Eveready	7.1	0.0	2.0	1.1	0.0	0.4	0.4	-
Express	2.7	0.1	(0.3)	6.5	0.0	-	-	-
Kenya Airways	7.0	(0.0)	(0.6)	2.7	0.3	-	-	-
Longhorn Kenya	0.9	0.0	(0.8)	6.7	0.1	10.6	10.6	0.1
Nairobi Business V.	40.8	-	11.7	0.9	0.0	0.4	0.4	-
Nation Media	3.2	(0.0)	(1.0)	42.7	3.1	3.5	3.7	0.2
Sameer Africa	26.5	-	8.6	3.2	0.1	-	-	-
Standard Group	18.0	(0.0)	(0.5)	27.3	0.0	12.4	11.4	-
TPS EA	0.3	0.0	(1.0)	17.9	0.4	11.0	-	0.1
Uchumi	13.0	(0.1)	1.8	0.3	0.1	-	0.2	-
WPP Scangroup	13.0	(0.0)	(1.0)	13.5	1.0	11.6	8.7	0.1
<b>Construction</b>								
ARM	5.6	-	(0.6)	95.8	-	-	-	-
Bamburi Cement	93.0	(0.0)	(0.5)	72.0	14.2	6.4	6.7	0.1
Crown Berger	72.0	-	(0.1)	2.8	0.0	110.8	83.7	0.0
E.A.Cables	2.7	(0.0)	(0.5)	18.6	0.1	-	-	-
E.A.Portland	16.7	(0.1)	(0.4)	-	0.0	0.4	0.2	-
<b>Energy</b>								
KenGen	5.7	(0.0)	(0.3)	22.0	5.9	4.2	5.3	0.1
KenolKobil	22.0	-	0.5	3.1	-	13.4	16.1	0.0
KPLC	2.9	(0.1)	(0.7)	29.9	2.1	0.8	0.8	0.2
Total Kenya	29.0	(0.0)	0.2	7.5	0.2	11.3	10.1	0.0
Umeme Ltd	7.8	0.0	(0.4)	-	0.0	3.8	4.4	0.1
<b>Insurance</b>								
BRITAM	7.1	0.0	1.1	3.0	3.2	-	-	-
CIC	3.0	-	(0.9)	350.0	0.2	42.9	23.1	0.0
Jubilee	343.3	(0.0)	2.0	3.0	2.3	8.0	7.8	0.0
Kenya Re	3.0	(0.0)	(0.9)	9.8	5.0	0.6	0.6	0.2
Liberty Kenya	9.7	(0.0)	(0.8)	17.4	0.2	8.3	9.3	-
Sanlam	17.1	(0.0)	(0.4)	-	1.4	27.1	-	-
<b>Investments</b>								
Centum	28.5	(0.0)	(0.3)	0.5	1.7	2.6	2.4	-
Home Afrika	0.5	0.2	(0.6)	1,500.0	0.1	-	-	-
Kurwitu	1,500.0	-	-	2.0	-	-	-	-
Olympia Capital	2.1	0.1	(0.4)	2.9	0.0	8.1	8.1	-
TransCentury	3.0	0.0	(0.5)	-	0.1	-	75.2	-
<b>Investment Service</b>								
NSE	10.4	(0.0)	(0.5)	-	0.5	14.6	30.4	0.0
<b>Manufacturing</b>								
BOC	57.5	(0.0)	(0.5)	486.0	0.2	7.6	7.4	0.1
BAT	485.0	(0.0)	(0.4)	7.6	76.8	11.4	10.9	0.1
Carbacid	7.7	0.0	(0.4)	192.3	0.6	5.2	5.0	0.1
EABL	192.0	(0.0)	(0.2)	2.1	230.1	15.7	15.7	0.0
Flame Tree	2.2	0.0	(0.5)	12.6	1.8	1.6	2.1	-
Kenya Orchards	12.5	(0.0)	(0.9)	0.3	0.0	37.9	41.7	-
Mumias Sugar	0.3	-	(0.8)	31.7	0.0	-	-	-
Unga Group	34.5	0.1	0.2	-	0.1	8.0	9.2	0.0
<b>Telecommunication</b>								
Safaricom	28.3	(0.0)	0.1	28.5	513.3	17.9	17.9	0.0



## Sector Performances

Segment	11-Oct-19	17-Oct-19	Week/Week	YTD (%)
Banking	73.96	76.22	3.04	7.78
Manufacturing	48.01	48.82	1.68	21.00
Telecommunication	106.36	105.61	0.70	26.97
Energy & Petroleum	75.60	74.76	1.11	8.74
Insurance	49.38	49.12	0.53	36.76
Construction	57.98	56.27	2.95	8.42
Commercial	42.69	42.61	0.19	16.92
Agricultural	71.85	70.16	2.35	18.92
Automobile	85.38	86.96	1.85	22.13
Investment	58.75	61.61	4.86	2.70
NSE 20	2455.27	2460.75	0.22	12.83
NASI	147.64	148.36	0.49	5.82

Source: Sterling Capital & NSE

## Kenya Weekly Commentary:

### Market Watch:

### Indices

	<b>NSE 20</b> 2460.75		<b>NSE 25</b> 3549.46		<b>NASI</b> 148.36
<b>0.22%</b>		<b>1.48%</b>		<b>0.49%</b>	

### Equity Turnover

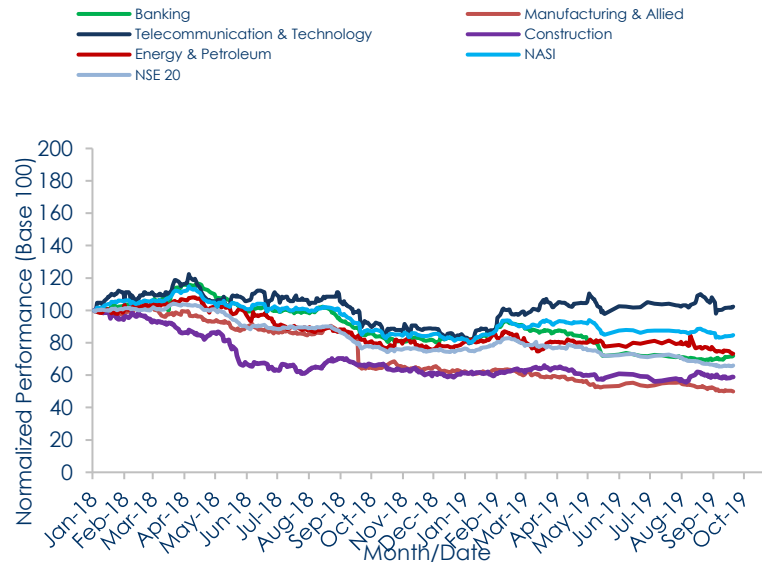
	<b>KES. 3.57Bn</b>
<b>119.02%</b>	

### Bond Turnover

	<b>KES. 10.08Bn</b>
<b>157.80%</b>	

Source: Sterling Capital & NSE

## Sector Performance



Source: Sterling Capital & NSE

## Debt Market:

### 1) Treasury Bonds

- Bond turnover over the week increased by 157.80% from KES.3.91Bn last week to KES.10.08Bn this week.
- W/W bond deals decreased from 536 to 439 during the week.

Metric	11-Oct-19	18-Oct-19
Bond Turnover	3.91	10.08

Source: NSE

### 2) Treasury Bills

- The 91 day paper was fully subscribed with the subscription rate at 100%.
- The 182-day treasury bill received bids worth KES.1.05Bn, and was under-subscribed with a subscription rate of 99.94%.
- The 364-day treasury bill received bids worth KES. 13.88Bn, and was under-subscribed with a subscription rate of 55.11%.

Treasury Bill	Amount Offered (KES.Bn)	Bids Received (KES.Bn)	Amount Accepted (KES.Bn)	Performance Rate (%)
91-Day	4.0	4.40	4.40	110.11
182-Day	10.0	1.05	1.05	10.51
364-Day	10.0	13.88	7.65	138.78
<b>Total</b>	<b>24.0</b>	<b>19.33</b>	<b>13.10</b>	<b>80.56</b>

Source: CBK



T-Bill	Yield		Acceptance Rate (%)
	%	Δ Basis points	
91 -Days	6.37	0.70	100.00
182 -Days	7.25	0.90	99.94
364 -Days	9.79	0.50	55.11

Source: CBK

Key Rates	(%)	Date
CBK Rate	9.00	23-Sep-19
Interbank Rate	7.59	17-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 increased from 7.02% to 7.34% during the week.
- The average weekly interbank volume went down from KES. 5.70Bn to KES. 5.50Bn.

## News Updates

### President Uhuru Kenyatta supports the removal of interest rate cap

- President Uhuru Kenyatta, on Wednesday 16 October, refused to sign the Finance Bill which would enforce the cap on interest rates into law which the President was widely expected to do.
- The interest rate cap places a limit on the lending rates of commercial banks at four percentage points above the Central Bank of Kenya's (CBK) benchmark rate – currently at 9%.
- The cap was intended to offer Kenyans access to low cost credit as earlier, they were subjected to exorbitant rates of interest on loans they borrowed.
- Under the revised Bill, the cap would be applicable to annual interest rates on all commercial loans extended by banks.
- The fact that credit growth to the private sector, particularly to Small and Medium Enterprises (SMEs), has declined from an average of 9.4% in 2016 to 5.2% in 2018 is said to have been a crucial factor behind President Kenyatta rejecting the proposed Finance Bill.

## Our View

- **Although President Uhuru Kenyatta has declined to sign the amended Finance Bill, we continue to maintain our stance that the cap on interest rates is unlikely to get repealed.**
- This is attributable to the fact that Members of Parliament (MPs) have twice rejected the National Treasury's proposals to lift the interest rate cap.
- Additionally, MPs could justify their stance of being against the lifting of the interest cap as private sector credit growth has witnessed an upturn this year in the months leading up to August, growing at 6.3% - the highest rate achieved since September 2016 when the cap was implemented.

Sources- Business Daily and Sterling Research



## Difficult times ahead for the Treasury if rate cap gets lifted

- The National Treasury is likely to face high borrowing costs if the cap on commercial bank lending interest rates, which was enforced on September 2016, is repealed.
- Following the implementation of the interest rate cap, which compels banks to lend at a maximum of four percentage points above the Central Bank Rate (CBR), banks increasingly turned to investing in government securities over lending to the private sector.
- This consequently led to the Treasury recording a jump in domestic debt levels which increased from KES.1.8Tn in June 2016 to KES.2.7Tn in June 2018.
- Data released by the Central Bank of Kenya (CBK) points out that investments in Treasury Bills (T-Bills) shot up by 60% from KES.613Bn in June 2016 to KES.982Bn in June 2019.
- The same data highlights that investments in Treasury Bonds swelled by 51% from KES.1.15Tn to KES.1.74Tn in the time period mentioned above.
- This August, acting Treasury Secretary, Mr. Ukur Yatani, issued a notice stating that the Treasury will ramp up its net domestic borrowing from the stipulated KES.283.5Bn to KES.300.31Bn.

## Our View:

- **In the scenario that the interest rate cap gets lifted, the high cost of borrowing will adversely impact the National Government's fiscal position and throw it off balance as it looks to curb its fiscal deficit.**
- The National Treasury will have to pay a higher interest rates on domestic debt if the interest rate cap is repealed.
- Commercial banks will have to be induced by a higher rate of return from government securities in order to invest in them over lending to the private sector and household at a higher rate.
- We believe that the government is unlikely to meet its KES.1.8Tn tax revenue target (a 19.5% increase from 2018/19) which will result in an upward revision of its domestic borrowing target of KES.422.9Bn (net domestic borrowing KES.300.3Bn net domestic borrowing and KES.122.6 internal debt redemptions).
- This scenario coupled with rising domestic debt interest rates will put the government in a dire fiscal position.

## 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