



### KENYA EQUITIES: INDICES & MARKET METRICS MOVEMENT

Index	0 wk	1 wk	1 m	3 m	6 m	12 m	Y-T-D
NASI	160.52	0.00	0.03	0.12	0.07	0.13	0.14
NSE-20	2,587.84	(0.01)	(0.02)	0.06	(0.04)	(0.06)	(0.09)
DBIB Select	87.35	(0.00)	0.00	0.04	0.02	0.09	0.02
FTSE 15	213.24	(0.00)	0.03	0.18	0.14	0.50	0.23
FTSE 25	221.57	0.00	(0.01)	0.16	0.14	0.23	0.25
FTSE Frontier 50	44,287.57	0.00	(1.00)	0.04	(0.05)	(0.04)	0.02

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	0 wk	1 wk	1 m	3 m	6 m	12 m
Market Cap. (USD m)	2,449.90	0.00	0.03	0.13	0.08	0.15
Market Turnover (USD m)	33.01	0.19	0.25	0.91	(0.11)	0.02
Market P/E (x)	13.64	0.00	0.02	(0.01)	(0.05)	(0.04)
Market Div. yld (%)	6.20	37.47	21.33	(32.16)	(4.32)	117.53
Market ROE (%)	44.71	9.16	14.95	1,045.16	763.43	821.63

(Source: NSE, DBIB Research)

### KENYA FIXED INCOME: YIELDS & MARKET METRICS MOVEMENT

	0 wk	1 wk	1 m	3 m	6 m	12 m
FTSE Bond Index	97.81	(0.00)	(0.00)	(0.01)	0.01	0.03
Market Turnover (USD m)	30.06	(0.34)	(0.79)	(0.62)	(0.77)	(0.35)
91-day T-Bill (%)	7.15	(1.10)	47.10	83.60	25.60	(19.70)
5 year rate (%)	11.49	14.20	71.70	131.70	86.70	(45.54)
Interbank Lending (%)	6.27	(25.00)	330.00	(7.00)	296.00	(469.00)

(Source: CBK, NSE)

### KENYA MACRO METRICS MOVEMENT

	0 wk	1 wk	1m	3m	6m	12m
KES/USD	101.67	0.00	0.00	0.02	(0.02)	0.01
KES/GBP	133.84	(0.00)	(0.02)	(0.02)	0.01	0.01
KES/EUR	112.67	0.00	(0.00)	0.02	0.00	0.02
Fx reserve: Import Cover	5.42	(0.01)	(0.17)	(0.33)	(0.99)	0.19
Inflation	5.56	-	-	173	(14)	(15)
CBR	8.50	-	(50.00)	(50.00)	(50.00)	(50.00)

(Source: CBK, NSE)

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## IN THIS WEEK'S ISSUE...

### EQUITY MARKET SUM UP

Weekly equity turnover recorded a 18.6% w-o-w upswing to USD 33.01 MN (KES 3.36 BN).

NSE 20 dropped 1.3% w-o-w to close at 2,587.84 whilst NASI edged up 0.1% w-o-w to close at 160.52.

Weekly equity turnover advanced by 18.6% w-o-w to close at USD 33.01 MN (KES 3.36 BN). NSE 20 dropped 1.3% w-o-w to close at 2,587.84 whilst NASI edged up 0.1% w-o-w to close at 160.52.

The investment services sector recorded the largest w-o-w downside of 7.5% owing to NSE's profit warning announcement. NSE closed off at KES 11.10 on Friday, 23.7% down from the beginning of the year. Management attributed the expected dip in earnings to the reduced capital inflow from global frontier market investors. Below is a highlight of the weekly and year to date performance of the bourse.

#### Week-on-Week Performance

Top gainers	%	Top Losers	%	Top Traders	USD m
Umeme	9.5	Olympia Capital	(16.3)	Safaricom	12.54
Eaagads	5.1	Sameer Africa	(12.1)	Equity Group	11.85
Eveready	4.3	Uchumi	(10.3)	KCB Group	3.03
StanChart BNK	3.3	Trans-Century	(9.1)	E.A. Breweries	2.69
Barclays Bank	2.8	Kenya Airways	(8.9)	Carbacid	1.00

(Source: NSE, DBIB Research)

#### Y-T-D Performance

Top gainers	%	Top Losers	%
Sameer Africa	84.9	Kenya Airways	(75.8)
Equity Group	47.1	Uchumi	(56.3)
Express Kenya	40.0	Mumias Sugar	(53.4)
KCB Group	39.5	Nation Media	(44.2)
Safaricom	36.5	Bamburi Cement	(39.6)

(Source: NSE, DBIB Research)

#### Weekly Foreign Performance

Top Weekly Buys	% Purchase	Top Weekly Sales	% Sold
Uchumi	96.3	Uchumi	99.2
Safaricom	92.2	Standard Group	94.4
Equity	83.6	E.A. Breweries	89.3
DTB Group	57.3	Safaricom	87.0
Barclays Bank	40.3	Kenya Re	67.9

(Source: NSE, DBIB Research)

#### Y-T-D Foreign Performance

Top Foreign Buys	% Purchase	Top Foreign Sales	% Sold
Bank of Kigali	99.9	Bank of Kigali	100.0
B.A.T.(K)	96.3	B.A.T.(K)	91.9
Umeme	95.3	Kakuzi	89.5
Crown Paints	91.2	Trans-Century	88.0
Trans-Century	87.6	Jubilee Ins	78.1

(Source: NSE, DBIB Research)

## FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 30.1 MN (KES 3.1 BN) representing a 34.1% w-o-w contraction from USD 45.6 MN (KES 4.6 BN) recorded the previous week.

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### December FXD3/2019/5Yr Primary Auction Results

The government received KES 28.5 BN from its FXD3/2019/5Yr issue against the offered amount of KES 25.0 BN. This placed the performance rate at 113.9%. The government accepted KES 18.7 BN, placing the bid-to-cover ratio at 1.52. The market weighted average rate stood at 11.583% above that of the last 5yr auction which stood at 10.934%. Likewise, the weighted average rate of accepted bids stood at 11.492% above that of the last 5yr auction which stood at 10.872%. As per the prospectus, the coupon rate remained market determined at 11.492%.

### Top Trades for the Week ending 13 December 2019.

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(%)	(KES m)
9-Dec	IFB 1/2019/16Yr	15.8	11.750	11.750	101.33	500.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	12.000	99.73	300.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	11.705	101.66	262.1
9-Dec	IFB 1/2019/16Yr	15.8	11.750	11.800	101.00	200.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	11.700	101.69	200.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	11.900	100.38	200.0
11-Dec	IFB 1/2017/7Yr	4.9	12.500	10.300	107.47	200.0
11-Dec	IFB 1/2019/16Yr	15.8	11.750	11.900	100.41	200.0
10-Dec	IFB 1/2016/9Yr	5.4	12.500	10.850	105.91	132.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	11.800	101.03	100.0
10-Dec	IFB 1/2019/16Yr	15.8	11.750	11.850	100.70	100.0
11-Dec	IFB 1/2019/16Yr	15.8	11.750	11.800	101.06	100.0

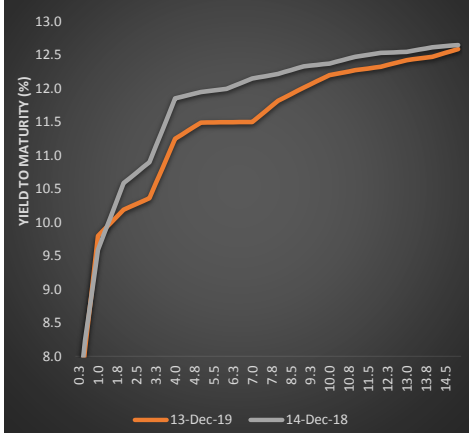
(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 13 December 2019.

Instrument	Amount Bids Received (KES Bn)	Subscription (KES Bn)	Bids Accepted Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.0	3.799	95.0	3.740	7.151	0.01
182-day	10.0	3.483	34.8	3.464	8.107	0.09
364-day	10.0	5.562	55.6	5.535	9.798	0.01

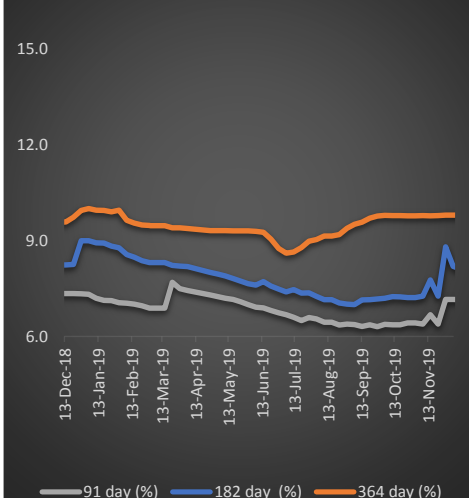
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

## EAC MARKETS SNAPSHOT

**Rwanda:** The RSE RSI and RSE RASI remained constant w-o-w to close at 123.54 and 135.61 respectively.

**Tanzania:** The DSE DSEI edged down 0.1% w-o-w to close at 2,036.59 whereas DSE TSI remained constant w-o-w to close at 3,431.10.

**Uganda:** The USE ALSI and USE LSI saw a 1.3% and 1.8% w-o-w drop to close at 1,763.37 and 342.04 respectively.

**Rwanda:** The RSE RSI and RSE RASI remained constant w-o-w to close at 123.54 and 135.61 respectively. Total weekly turnover contracted by 15.8% w-o-w to stand at RWF 26.02 MN. Crystal Telecom Ltd (CTL) accounted for 100.0% of the week's turnover.

**Tanzania:** The DSE DSEI edged down 0.1% w-o-w to close at 2,036.59 whereas DSE TSI remained constant w-o-w to close at 3,431.10. Weekly turnover recorded a 28.2% w-o-w increase to stand at TZS 4.3 BN. CRDB Bank emerged as the top traded counter with a turnover of TZS 2.9 BN, accounting for 67.5% of the week's turnover. Tanzania Breweries (TBL) came in second with a turnover of TZS 1.4 BN, accounting for 32.1% of the week's turnover.

**Uganda:** The USE ALSI and USE LSI saw a 1.3% and 1.8% w-o-w drop to close at 1,763.37 and 342.04 respectively.

	Week's High (L.C)	Week's Low( L.C)	Current Price (L.C)	Price (KES)	w-o-w change %	y-t-d change %	Turnover (L.C MN)	Turnover (KES MN)
<b>Rwanda Stock Exchange (RSE)</b>								
Bank of Kigali	265	265	265	28.83	0.0	(4.7)	-	-
Bralirwa	139	139	139	15.12	0.0	(7.3)	-	-
Cyrstal Telecom Ltd	70	65	70	7.62	0.0	34.6	26.02	2.83
I&M Rwanda	90	90	90	9.79	0.0	(1.1)	-	-
<b>Dar Es Salaam Stock Exchange (DSE)</b>								
CRDB Bank	95	95	95	4.20	0.0	(34.5)	2,869.13	126.94
Dar Es Salaam Community Bank (DCB)	295	295	295	13.05	0.0	(13.2)	-	-
DSE	980	980	980	43.36	0.0	(32.9)	6.60	0.29
Maendeleo (MBP)	490	490	490	21.68	0.0	(2.0)	-	-
National Microfinance Bank (NMB)	2,340	2,340	2,340	103.53	0.0	18.2	0.24	0.01
Precision Air Services (PAL)	400	400	400	17.70	0.0	0.0	-	-
Swissport Tanzania (SWIS)	1,600	1,600	1,600	70.79	0.0	(31.6)	2.72	0.12
Tanzania Breweries (TBL)	10,900	10,900	10,900	482.23	0.0	(15.5)	1,363.15	60.31
Tanga Cement Company (TCCL)	600	600	600	26.55	0.0	(6.3)	-	-
Tanzania Cigarette Company (TCC)	17,000	17,000	17,000	752.11	0.0	0.0	-	-
Tanzania Portland Cement (TPCC)	2,000	2,000	2,000	88.48	0.0	(3.8)	1.80	0.08
Tanzania Tea Packers (TTP)	120	120	120	5.31	0.0	0.0	-	-
TOL Gases	660	660	660	29.20	0.0	0.0	-	-
Swala	490	490	490	21.68	0.0	0.0	-	-
Mucoba Bank	400	400	400	17.70	0.0	0.0	-	-
YETU	550	550	550	24.33	0.0	(8.3)	-	-
MCB	500	500	500	22.12	0.0	0.0	-	-
MKCB	780	780	780	34.51	0.0	(2.5)	-	-
Vodacom	850	850	850	37.61	0.0	13.3	-	-
TICL	385	385	385	17.03	0.0	0.0	-	-
NICO	175	175	175	7.74	0.0	(35.2)	5.11	0.23

(Source: RSE, DSE, DBIB Research)

\*L.C refers to Local Currency

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## Kenya Market News

### N.S.E issues profit warning

The **NSE** has issued a profit warning on its FY19 results projecting a decline of more than 25% in its profit after tax from FY18.

The Nairobi Securities Exchange has issued a profit warning on its FY19 results projecting a decline of more than 25.0% in its profit after tax from FY18. This places its expected profit after tax south of KES 143.0 MN. The company attributes the sub-par performance to a challenging economic environment and reduced capital from global frontier market investors, who are key participants in the market. They however state that the market witnessed a good recovery in the last quarter of 2019 largely attributable to heightened activity observed following the repeal of the interest rate cap. We expect that this improved performance will carry on into 2020. To boost its performance in the coming year, NSE is keen on leveraging on its 2020-2024 strategy and focus on initiatives to increase the number of listed companies, enhance its strategic alliances and leverage on technology. The company expects to publish a detailed financial statement by the end of March 2020. *(Source: Company Filings, DBIB Research)*

### Competition and Insurance bills signed to law

The **Insurance (Amendment) Bill 2019** seeks to introduce legal provisions that create offences on insurance fraud, including penalties intended to address the problem of insurance fraud.

President Uhuru Kenyatta has signed into law the amended Competition and Insurance Bills 2019. The Insurance (Amendment) Bill 2019 seeks to introduce legal provisions that create offences on insurance fraud, including penalties intended to address the problem of insurance fraud. The initial draft, fronted by the Treasury, had expunged the section that allows brokers to collect premiums from customers on behalf of the insurance companies. Lawmakers, however, later replaced this clause with one that allowed the brokers to remit the collection within 14 days. Upon submission, President Kenyatta sided with treasury in denying brokers the responsibility of receiving premiums from policy holders on behalf of insurers. He therefore failed to assent this version of the bill arguing that the premium, being the consideration of the insurance contract, if not remitted, would affect the validity of the contract. The revised Insurance (amendment) Bill, 2019, now an Act of Parliament empowers the IRA to prescribe the manner of submission of various kinds of returns and provides for a penalty for late submission. It also introduces requirements for insurance companies to regularly submit premium levy returns and claims payment returns to the IRA.

The Competition (Amendment) Act, 2019 is aimed at separating the legal provisions on abuse of buyer power from those on abuse of dominant power. It gives the Competition Authority of Kenya the power to review contracts between suppliers and buyers and determine cases of abuse of power. It further empowers the authority to require sectors with potential for abuse of buyer power to develop a binding code of practice. *(Source: Company Filings, DBIB Research)*

### Fuel Prices Drop in December Review

The maximum price of super **petrol** in Nairobi has reduced by KES 1.09 to KES 109.50 per liter while **diesel** is down KES 2.83 to KES 101.78 per liter.

The Energy and Petroleum Regulatory Authority (EPRA) has released the maximum retail pump prices for period from 15th December 2019 to 14th January 2020. In this month's review, the maximum price of super petrol in Nairobi has reduced by KES 1.09 to KES 109.50 per liter, diesel is down KES 2.83 to KES 101.78 per liter and kerosene lower by KES 1.75 to retail KES 102.31 per liter. According to the regulator, the new prices have been informed by the revised rates for the Import Declaration Fee in line with the Finance Act, 2019. *(Source: EPRA, DBIB Research)*

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## East African Market News

### Umeme Secures USD 70.0 MN Financing

**Umeme** announced that it has secured a **USD 70.0 MN debt financing** package under term loan facilities to finance its CAPEX program over the next two years.

Umeme announced that it has secured a USD 70.0 MN debt financing package under term loan facilities to finance its CAPEX program over the next two years. This follows the decision of the Government of Uganda to extend the company's 20-year power distribution concession beyond 2025. The fresh concession negotiations that ensued to ensure continued investment in the national grid motivated re-assurance from both local and international lenders to extend further credit facilities. Amongst the lender group for the debt financing was the International Finance Corporation (IFC) (lead arranger), Stanbic Bank Uganda Ltd, Standard Chartered Bank and the Dutch Development Bank (FMO). With increasing grid connections, the company is prioritizing capital investments so as to strengthen and expand the distribution network back-bone so as to evacuate new capacity and ensure the delivery of safe and reliable supply to consumers. Since 2013, the group has invested over USD 460.0 MN in the distribution network. Management expressed that the company intended to spend USD 450.0 MN to expand the distribution grid between 2019 and 2025. We opine that the unlocked funding and the renewed talks of the concession gives a renewed tune to Umeme's growth story and re-instills investor confidence. *(Source: Company Filings, DBIB Research)*

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## Profit Warnings

- Sasini
- Kenya Power
- Eaagads
- BOC Gases
- NSE

## UPCOMING EVENTS

<b>Company</b>	<b>Announcement</b>	<b>Book Closure</b>	<b>Payment</b>
Unga	First & Final Div: KES 0.50	05-Dec-19	15-Jan-20
Longhorn	Final Div: KES 0.52	28-Nov-19	26-Feb-20
Kenya Re	Bonus Issue of 3:1	14-Jun-19	N/A
Carbacid	Final Div: KES 0.70	06-Nov-19	N/A

*(Source: NSE, DBIB Research)*

## APPENDIX

### COMPANY INVESTMENT RATINGS

**Buy:** Share price may generate more than 15.0% upside over the next 12 months

**Overweight:** Share price may generate between 10.0% and 15.0% upside over the next 12 months

**Hold:** Share price may fall within the range of <+5.0%/ -10.0% over the next 12 months

**Take Profit:** Target price has been attained. Look to accumulate at lower levels. Company fundamentals however remain strong

**Underweight:** Share price may generate between 10.0% and 15.0% downside over the next 12 months

**Sell:** Share price may generate more than 15.0% downside over the next 12 months, significant business and/or financial risks present, industry concerns

**Not Rated:** Counter is not within regular research coverage

### SECTOR INVESTMENT RATINGS

**Overweight:** Industry performance better than that of the whole market

**Equal weight:** Industry performance about the same as that of the whole market

**Underweight:** Industry performance worse than that of the whole market

### DBIB SELECT INDEX

*The DBIB Select Index is an **in-house, bespoke index** designed by **DBIB Research department** to represent the performance of select Kenyan companies listed on the Nairobi Securities Exchange which fall within DBIB Research's class A and B coverage. The Index is market capitalization-weighted and comprises of counters in the Banking, Insurance, FMCG, Investments, Cement, Telco, Utilities and Media space. We believe this provides investors with a complementary index with which to measure the performance of the major capital and industry segments of the Kenyan Stock Market, hence appealing to broad range of investors and intermediaries seeking to develop structured portfolios based on indices*

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