



KENYA EQUITIES: INDICES & MARKET METRICS MOVEMENT done

Index	0 wk	1 wk	1 m	3 m	6 m	12 m	Y-T-D
NASI	144.98	0.01	(0.03)	(0.02)	(0.09)	(0.00)	0.03
NSE-20	2,442.50	0.00	(0.01)	(0.08)	(0.15)	(0.14)	(0.14)
DBIB Select	84.04	0.00	(0.02)	(0.01)	(0.04)	0.01	(0.02)
FTSE 15	183.47	0.01	(0.00)	(0.00)	(0.08)	0.03	0.06
FTSE 25	192.92	0.01	(0.06)	0.01	(0.07)	0.04	0.09
FTSE Frontier 50	43,671.66	0.02	(1.00)	(0.08)	(0.06)	(0.08)	0.01

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	0 wk	1 wk	1 m	3 m	6 m	12 m
Market Cap. (USD m)	2,182.70	0.01	(0.05)	(0.03)	(0.09)	0.02
Market Turnover (USD m)	27.32	0.58	(0.08)	0.02	(0.20)	0.00
Market P/E (x)	13.94	0.01	(0.03)	(0.02)	(0.03)	(0.10)
Market Div. yld (%)	6.46	(5.93)	25.98	14.37	184.02	164.23
Market ROE (%)	34.16	(9.76)	(224.42)	(297.56)	(385.22)	162.08

(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	98.58	0.00	0.00	0.01	0.02	0.04
Market Turnover (USD m)	76.08	(0.03)	0.09	(0.64)	(0.48)	(0.24)
91-day T-Bill (%)	6.37	5.30	(3.00)	(44.60)	(132.90)	(125.20)
5 year rate (%)	10.32	14.38	35.25	(18.12)	(64.37)	(138.12)
Interbank Lending (%)	7.04	70.00	355.00	426.00	478.00	349.00

(Source: CBK, NSE)

KENYA MACRO METRICS MOVEMENT

	0 wk	1 wk	1m	3m	6m	12m
KES/USD	103.83	(0.00)	(0.01)	(0.01)	(0.01)	0.00
KES/GBP	129.67	(0.01)	(0.02)	0.03	0.02	0.01
KES/EUR	114.88	(0.01)	0.00	0.01	(0.00)	0.03
Fx reserve: Import Cover	5.72	(0.03)	(0.15)	(0.10)	0.32	0.08
Inflation	5.00	-	-	(70)	65	(70)
CBR	9.00	-	-	-	-	-

(Source: CBK, NSE)

TABLE OF CONTENTS

Equity Market Sum Up.....	2
From the Fixed Income Desk.....	3
EAC Markets Snapshot.....	4
Market News.....	5
Upcoming Actions.....	6
Equity Markets.....	6
Fixed Income Markets.....	6

RESEARCH DEPARTMENT

EDWIN CHUI

Head of Research

FAITH MWISYWA

EBBY WACHIRA

MARY MUKURIA

CYNTHIA WAMBUI

BHAVIKA BABLA

research@dyerandblair.com

IN THIS WEEK'S ISSUE...

Weekly equity turnover advanced by 58.1% w-o-w to close at USD 27.32 (KES 2.8 BN).

Both the **NSE 20** and **NASI** edged up by 0.5% and 0.8% w-o-w to close at 2,442.50 and 144.98 respectively.

EQUITY MARKET SUM UP

Weekly equity turnover advanced by 58.1% w-o-w to close at USD 27.32 MN (KES 2.8 BN). Both the NSE 20 and NASI indices edged up by 0.5% and 0.8% w-o-w to close at 2,442.50 and 144.98 respectively.

The banking sector turnover stood at KES 1.5 BN compared to KES 0.6 BN posted the previous week. 6 stocks advanced, 2 declined while 4 held constant during the week. KCB emerged as top gainer, rising by 4.2% w-o-w to close at KES 40.10 whereas I&M Holdings was the biggest loser in the sector shedding 1.4% w-o-w to close at KES 45.0.

Week-on-Week Performance

Top gainers	%	Top Losers	%	Top Traders	USD m
Eaagads	19.4	B.O.C Kenya	(11.1)	KCB Group	6.31
Longhorn	18.2	E.A. Cables	(8.5)	B.A.T (K)	4.30
E.A Portland Cement	14.1	Liberty Kenya	(8.4)	Safaricom	4.22
Kakuzi	10.0	Flame Tree Group	(8.3)	Equity Group	4.12
TPS Serena	10.0	N.S.E	(7.9)	E.A Breweries	2.92

(Source: NSE, DBIB Research)

Y-T-D Performance

Top gainers	%	Top Losers	%
Sameer Africa	70.3	Kenya Airways	(71.7)
Longhorn Publishers	43.6	Uchumi Supermarket	(62.5)
Express Kenya	42.0	Mumias Sugar	(51.7)
Kakuzi	24.2	Nation Media	(39.4)
Safaricom	23.2	Kenya Re Insurance	(38.1)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

Top Weekly Buys	% Purchase	Top Weekly Sales	% Sold
Crown Paints	100.0	B.O.C Kenya	99.4
Stanbic Holdings	99.6	B.A.T (K)	97.4
B.A.T (K)	99.5	Barclays BNK	95.3
E.A Breweries	89.7	Britam INS	88.4
KCB Group	87.4	Jubilee INS	86.1

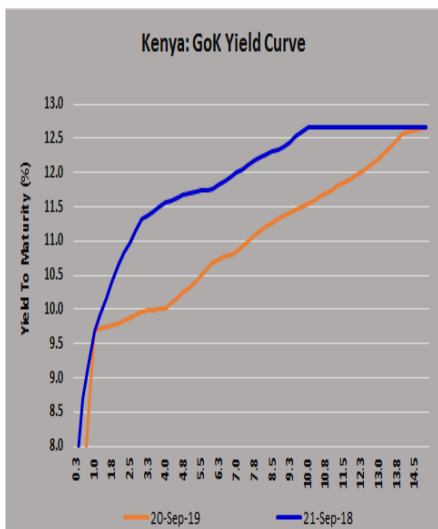
(Source: NSE, DBIB Research)

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)	97.6	Kakuzi	95.5
Umeme	96.7	B.A.T (K)	91.5
Crown Paints	92.9	Jubilee INS	84.3
E.A Breweries	84.5	Kenya Re	75.5

(Source: NSE, DBIB Research)

This week, bond turnover slightly dropped by 3.1% w-o-w to close at USD 76.08 MN (KES 7.9 BN).



(Source: CBK, DBIB Research)

FROM THE FIXED INCOME DESK

This week, bond turnover slightly dropped by 3.1% w-o-w to close at USD 76.08 MN (KES 7.9 BN). The most traded bonds were the fixed coupon bonds issue number FXD2/2016/9yr and infrastructure bond issue number IFB1/2016/9yr which recorded turnovers of KES 1.3 BN and 1.7BN respectively. They collectively accounted for 37.8% of the week's turnover. FXD2/2016/9yr traded between 11.58% and 10.86% whereas IFB1/2016/9yr traded between 10.28% and 9.54%.

September Primary Bond Auction Results

The government accepted all bids from September's reopened papers issue numbers FXD1/2018/15 and FXD2/2019/15. Out of a targeted KES 50.0 BN, the government received and accepted KES 15.2 BN from FXD1/2018/15 and KES 17.4 BN from FXD2/2019/15. Total amount received stood at KES 32.6 BN representing a 65.3% subscription rate. The weighted average rate of accepted bids stood at 12.56% for FXD1/2018/15 and 12.67% for FXD2/2019/15.

Top Trades for the Week ending 20 September 2019.

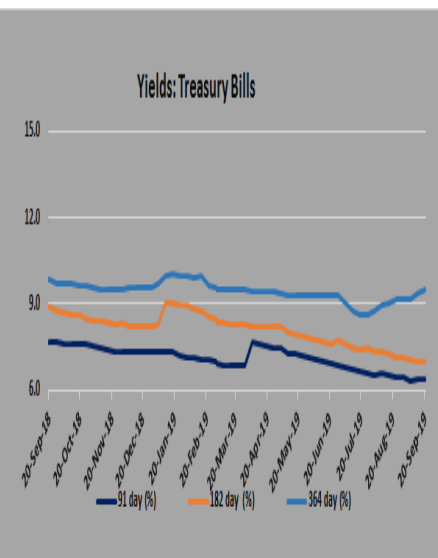
Trading Date	Issue No.	Years	Total			
			Coupon (%)	Yield (%)	Price (%)	Value (KES m)
16-Sep	FXD2/2019/15Yr	14.6	12.734	12.400	106.599	620.0
19-Sep	FXD 3/2019/10Yr	9.9	11.517	11.530	100.880	520.0
19-Sep	IFB 1/2016/9Yr	5.6	12.500	10.000	112.510	500.0
19-Sep	IFB 1/2018/20Yr	19.1	11.950	11.050	109.890	500.0
19-Sep	FXD 3/2019/10Yr	9.9	11.517	11.580	100.590	400.0
17-Sep	FXD1/2012/15Yr	8.0	11.000	11.200	98.991	203.2
16-Sep	FXD 2/2019/10Yr	9.5	12.300	11.525	109.606	200.0
16-Sep	FXD3/2007/15Yr	3.1	12.500	9.850	111.332	200.0
16-Sep	IFB 1/2013/12Yr	6.0	11.000	10.021	108.464	200.0
17-Sep	FXD3/2019/15Yr	14.8	12.340	12.350	101.591	200.0

(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 20 September 2019.

Instrument	Amount Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.0	0.684	0.681	6.368	5.3
182-day	10.0	0.709	0.708	7.150	0.7
364-day	10.0	23.499	19.869	9.705	12.3

(Source: NSE, DBIB Research)



(Source: CBK, DBIB Research)

EAC MARKETS SNAPSHOT

Rwanda: The RSE RSI and RASI indices declined by 0.8% and 0.1% w-o-w to close at 124.98 and 135.84 respectively.

Tanzania: The DSE TSI and DSEI indices rose by 1.2% and 0.9% w-o-w to close at 3,332.50 and 1926.10 respectively.

Rwanda: The RSE RSI and RASI indices declined 0.8% and 0.1% w-o-w to close at 124.98 and 135.84 respectively. Weekly turnover stood at RWF 0.43MN compared to RWF 2.3 MN recorded the previous week.

Tanzania: The DSE TSI and DSEI indices rose by 1.2% and 0.9% w-o-w to close at 3,332.50 and 1926.10 respectively. Total weekly turnover stood at TZS 506.0 BN compared to TZS 184.7 MN reported the previous week.

	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)
Rwanda Stock Exchange (RSE)	-							
Bank of Kigali	273	270	270	30	(1.1)	(2.9)	0.08	0.01
Bralirwa	142	141	141	16	(1.4)	(6.0)	0.16	0.02
Cyrstal Telecom Ltd	65	63	65	7	0.0	25.0	0.18	0.02
I&M Rwanda	90	90	90	10	0.0	(1.1)	0.01	0.00
Dar Es Salaam Stock Exchange (DSE)	-							
African Barrick Gold (ACA)	6,850	6,850	6,850	310	0.0	28.8	-	-
CRDB Bank	100	100	100	5	0.0	(31.0)	235.33	10.63
Dar Es Salaam Community Bank (DCB)	340	340	340	15	0.0	0.0	-	-
DSE	1,080	1,060	1,060	48	(1.9)	(27.4)	1.79	0.08
Maendeleo (MBP)	490	490	490	22	0.0	(2.0)	-	-
National Microfinance Bank (NMB)	2,240	2,240	2,240	101	0.0	13.1	-	-
Precision Air Services (PAL)	400	400	400	18	0.0	0.0	-	-
Swissport Tanzania (SWIS)	1,600	1,600	1,600	72	0.0	(31.6)	0.10	0.00
Tanzania Breweries (TBL)	11,400	10,900	11,400	515	4.6	(11.6)	5,951.77	268.92
Tanga Cement Company (TCCL)	600	600	600	27	0.0	(6.3)	-	-
Tanzania Cigarette Company (TCC)	17,000	17,000	17,000	768	0.0	0.0	-	-
Tanzania Portland Cement (TPCC)	2,080	2,000	2,000	90	0.0	(3.8)	4.89	0.22
Tanzania Tea Packers (TTP)	120	120	120	5	0.0	0.0	-	-
TOL Gases	660	660	660	30	0.0	0.0	0.00	0.00
Swala	490	490	490	22	0.0	0.0	-	-
Mucoba Bank	400	400	400	18	0.0	0.0	-	-
YETU	550	550	550	25	0.0	(8.3)	-	-
MCB	500	500	500	23	0.0	0.0	-	-
MKCB	780	780	780	35	0.0	(2.5)	-	-
Vodacom	850	800	850	38	6.3	13.3	499,800.06	22,582.69
TICL	385	385	385	17	0.0	0.0	0.00	0.00
NICO	175	175	175	8	0.0	(35.2)	4.20	0.19

(Source: RSE, DSE, DBIB Research)

*L.C refers to Local Currency

Kenya Market News

Kenya Power announces Profit Warning

Kenya powers FY19 earnings are expected to decline by more than 25%

Kenya Power has issued a notice that its full year earnings for the period ending 31 December 2019 are expected to decline by more than 25.0% from the KES 1.9 BN recorded in FY18. Management attributes this primarily to increased non-fuel costs. As at 1H19, Kenya Power recorded a 16.0% y-o-y drop in profits after tax to KES 2.5 BN on the back of a 4.0% y-o-y increase in operating costs to KES 61.7 BN driven by an 18.8% y-o-y increase in non-fuel costs to KES 32.6 BN. (Source: *Company Filings, DBIB Research*).

East African Market News

Tanzania Cigarette Public Limited Company (TCC) 1H19 Earnings

TCC released their 1H19 earnings posting a 16.8% y-o-y growth in profit after tax to TZS 26.7 BN

TCC released their 1H19 earnings, posting a 16.8% y-o-y growth in profit after tax to TZS 26.7 BN. Gross revenue grew by 7.8% y-o-y to KES 227.8 BN while excise duty rose 2.8% y-o-y to TZS 73.9 BN placing net sales at TZS 153.9 BN. Cost of sales advanced by 12.2% y-o-y to TZS 67.6 BN in line with growth in turnover. Overall gross profit margin recorded a 4 bps y-o-y rise to 37.9%. Operating expenses minimally rose by 1.9% y-o-y to TZS 47.1 BN. Total assets were fairly flat growing by 0.7% y-o-y to TZS 206.6 BN. Net working capital rose 1.6% y-o-y to TZS 108.7 BN following a 7.5% y-o-y growth in current assets to TZS 181.1 BN and a 17.6% y-o-y growth in current liabilities to TZS 72.3 BN. Total shareholder funds stood at TZS 191.9 BN compared to TZS 190.2 BN posted in 1H18. The company generated TZS 79.8 BN in operating cash flows compared to TZS 23.6 BN in 1H18. Net cash used in investing activities declined by 4.5% y-o-y to TZS 6.2 BN whereas financing activities grew by 25.0% y-o-y to TZS 25.0 BN. Cash and cash equivalents at the end of the period stood at TZS 56.4 BN compared to TZS 12.7 BN posted in 1H18. The company is expected to continue recording strong growth in 2H19 driven by positive volume momentum, improved pricing conditions as no increase in excise duty rates as announced by the government for the financial year 2019/20 budget. The board recommends an interim dividend of TZS 300.0 per share (TZS 200.0 per share was paid in 1H18) to be paid on 16 October 2019 to shareholders on book by 19 September 2019. (Source: [Company Filings](#), [DBIB Research](#))

UPCOMING EVENTS

Company	Announcement	Book Closure	Payment
BAT Kenya	Interim Div: KES 3.50	19-Aug-19	20-Sep-19
Nation Media	Interim Div: KES 1.50	13-Sep-19	30-Sep-19
Kapchorua Tea	Final Div: KES 10.0	31-Jul-19	04-Oct-19
Williamson Tea	Final Div: KES 20.0	31-Jul-19	04-Oct-19
Jubilee	Interim Div: KES 1.00	13-Sep-19	07-Oct-19
Barclays Bank	Interim Div: KES 0.20	07-Sep-19	11-Oct-19
BOC Kenya	Interim Div: KES 2.35	27-Sep-19	15-Oct-19
E.A. Breweries	Final Dividend: KES 6.00	25-Sep-19	11-Oct-19
StanChart BNK	Interim Div: KES 5.0	23-Sep-19	30-Oct-19
KCB Group PLC	Interim Div: KES 1.00	05-Sep-19	15-Nov-19
Safaricom Plc	Special Div KES: 0.62	02-Sep-19	30-Nov-19
Safaricom Plc	First & Final Div KES: 1.25	02-Sep-19	30-Nov-19
Longhorn	Final Div: KES 0.52	28-Nov-19	26-Feb-20
BK Group	First & Final Div: RWF 12.2	N/A	N/A
Centum Investments	First & Final Div: KES 1.20	02-Oct-19	N/A

(Source: NSE, DBIB Research)

AGM SCHEDULE

Company	Time	Venue	Date
Eaagads	11.00 AM	Eaagads Estate	25-Sep-19
Longhorn	N/A	N/A	28-Nov-19

(Source: Company filings, DBIB Research)

KCB-NBK Take Over Schedule

Event	Time and Date
Circulation of Offer Document & Circulars to NBK Shareholders	09-Jul-19
Record Date for purposes of the Offer	10-Jul-19
Closing Date of the Offer	30-Aug-19
Suspension of NBK shares from the NSE	02-Sep-19
Announcement of results of the offer	13-Sep-19
Settlement of KCB Shares in CDSC Accounts of Shareholders	27-Sep-19
Listing of additional KCB Shares on the NSE	30-Sep-19

(Source: Company Filings, 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*

DISCLAIMER

While every care has been taken in preparing this report and it has been prepared from sources believed to be reliable, no representation, warranty, or undertaking (express or implied) is given and no responsibility is accepted by Dyer and Blair Investment Bank Limited, its related companies, subsidiaries, affiliates, its employees and agents, as to the accuracy and completeness of the information contained herein or in respect of any reliance on or use thereof. This report is solely intended for distribution to clients of Dyer and Blair Investment Bank Limited. Any information may be changed after distribution at any time without any notice.