

# DBIB WEEKLY BULLETIN

# WEEK 24

Date: 18.06.2021

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## INDICES & MARKET METRICS MOVEMENT

**NSE 20** shed 0.6% w-o-w to close at 1,901.21 while **NASI** remained fairly constant w-o-w to close at 172.38.

**Weekly equity turnover** dropped 50.9% w-o-w to USD 21.9 MN (KES 2.37 BN).

**USD | KES:** KES strengthened 0.1% w-o-w to close at 107.80 (+1.3% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	172.38	0.03	3.26	16.44	13.33
NSE-20	1,901.21	(0.56)	(1.68)	5.81	1.76
DBIB Select	107.62	(0.29)	2.59	20.69	10.28
FTSE 15	202.32	(0.09)	4.23	18.59	13.57
FTSE 25	227.86	(0.13)	4.48	19.01	15.33
FTSE Frontier 50	48,211.39	(1.19)	5.86	8.72	9.42

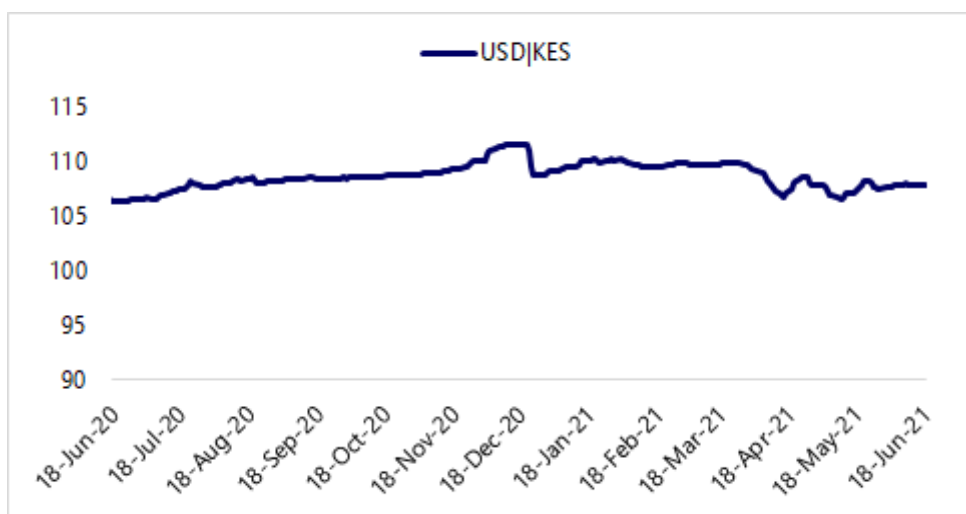
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,684.28	0.03	4.00	4.65	18.05
Market Turnover (USD m)	21.94	(50.92)	(25.30)	42.07	18.78
Market P/E (x)	14.70	0.15	3.53	9.71	5.31
Market Div. yld (%) *	3.45	(0.03)	(94.58)	(108.53)	(152.51)
Market ROE (%) *	33.35	(0.71)	18.00	(363.81)	(531.30)

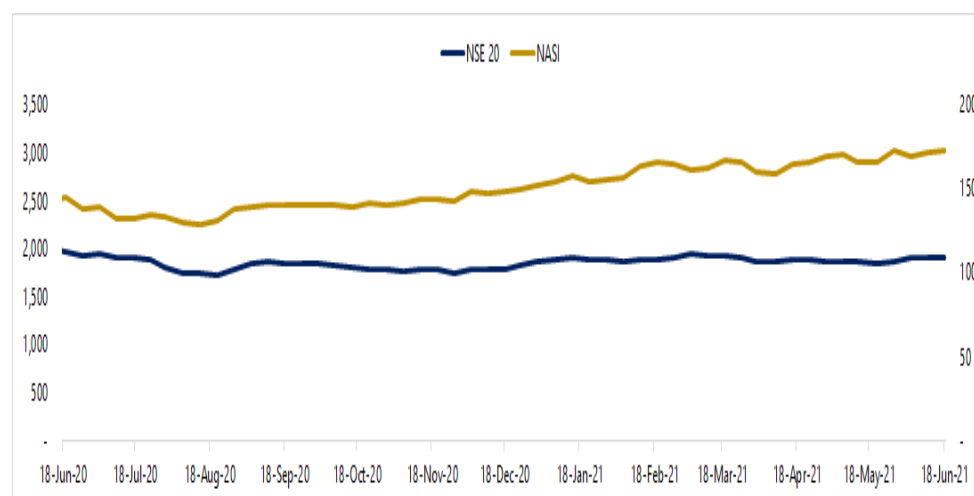
\* Changes in bps \*\* Market ROE is market cap weighted

(Source: NSE, DBIB Research)

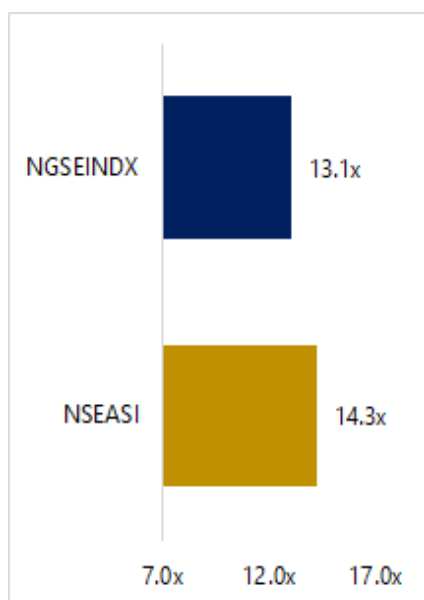
### USD | KES : 52-Week Trend



### Indices : 52-Week Trend



### PEER P/E MULTIPLES



NSEASI\* - Nairobi All Share Index  
 NGSEINDX\* - Nigeria All Share Index  
 \*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

(Source: NSE, DBIB Research)

# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Standard Group	16.1
Uchumi	8.0
NBV Ltd	7.3
Sameer Africa	7.0
<u>Liberty Kenya</u>	<u>6.2</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Unga Group	(10.0)
B.O.C Kenya	(9.6)
Flame Tree	(7.9)
Williamson Tea	(7.2)
<u>Home Afrika</u>	<u>(6.8)</u>

(Source: NSE, DBIB Research)



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**Safaricom** emerged the top traded counter on the bourse recording a weekly turnover of USD 11.09 MN (KES 1.20 BN) representing 50.55% of this week's turnover.

The stock held constant w-o-w to close at KES 41.25 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 78.84% of foreign sales and 73.34% of foreign purchases.  
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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	11.09
Equity Group	4.02
E.A Breweries	3.36
KCB Group	0.65
<u>ABSA Bank</u>	<u>0.62</u>

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
NBV Ltd	58.9
Nation Media	49.5
BK Group	30.5
BAT Kenya	24.8
<u>E.A Breweries</u>	<u>22.5</u>

(Source: NSE, DBIB Research)

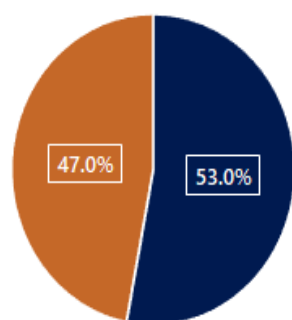


<u>Top Losers</u>	<u>%</u>
E.A.Portland	(26.9)
Sanlam Kenya	(24.8)
DTB Kenya	(21.3)
Kenya Power	(20.5)
<u>Standard Group</u>	<u>(20.0)</u>

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation  
 ■ Local Participation

(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
NSE	93.9
Safaricom	64.4
Olympia Capital	61.2
Bank of Kigali	50.1
<u>Equity Group</u>	<u>43.1</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Bank of Kigali	99.5
TPS E.A	97.7
BAT Kenya	95.3
Bamburi Cement	92.4
<u>E.A Cables</u>	<u>84.6</u>

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	86.5
Stanbic Holdings	74.5
Safaricom	73.3
<u>Total Kenya</u>	<u>67.2</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	99.7
E.A Breweries	75.6
Stanbic Holdings	71.8
KenGen	69.7
<u>Safaricom</u>	<u>68.1</u>



## FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 190.45 MN (KES 20.53 BN) representing a 29.4% w-o growth from USD 147.20 MN (KES 15.88 BN) recorded the previous week.

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### June auction results: FXD1/2019/20 and FXD1/2012/20

Following the June bond issue, the government offered a total of KES 30.0 BN and in turn received a total of KES 64.9 BN; KES 41.0 BN for FXD1/2019/20 and KES 23.9 BN for FXD1/2012/20. This placed the performance rate at 136.82% and 79.60% for FXD1/2019/20 and FXD1/2012/20, respectively. Subsequently, the government accepted KES 13.4 BN for FXD1/2019/20 and KES 6.3 BN for FXD1/2012/20 with the coupon rates remaining fixed at 12.873% and 12.000%, respectively.

### Top Trades for the week ending 18 June 2021

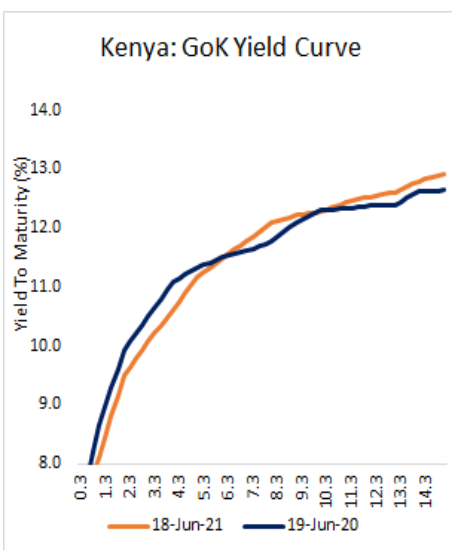
						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
18-Jun	FXD 1/2018/ 5Yr	1.8	12.2990	9.5000	107.37	3,000.0
18-Jun	FXD 1/2021/2Yr	1.6	9.4860	9.0000	104.80	1,000.0
18-Jun	FXD 1/2019/ 5Yr	2.7	11.3040	10.0000	106.57	1,000.0
17-Jun	IFB 1/2020/11Yr	10.2	10.9000	10.9000	103.41	723.3
16-Jun	IFB 1/2020/11Yr	10.2	10.9000	10.9061	103.35	500.0
18-Jun	FXD 1/2019/ 5Yr	2.7	11.3040	9.9750	106.63	500.0
18-Jun	FXD 1/2014/10Yr	2.6	12.1800	10.0000	109.89	500.0
14-Jun	IFB 1/2020/6Yr	4.9	10.2000	9.6000	102.07	404.0
14-Jun	IFB 1/2020/11Yr	10.2	10.9000	11.0250	102.70	400.0
15-Jun	IFB 1/2020/11Yr	10.2	10.9000	11.1250	102.24	400.0
15-Jun	IFB 1/2020/11Yr	10.2	10.9000	11.0250	102.73	400.0
16-Jun	IFB 1/2020/11Yr	10.2	10.9000	10.9750	103.01	400.0
16-Jun	FXD 1/2017/10Yr	6.1	12.9660	11.5250	111.23	350.0
16-Jun	FXD 1/2017/10Yr	6.1	12.9660	11.4500	111.56	350.0
18-Jun	IFB 1/2020/11Yr	10.2	10.9000	10.9500	103.19	350.0
14-Jun	FXD 4/2019/10Yr	8.4	12.2800	12.2000	101.10	300.0
15-Jun	IFB 1/2017/7Yr	3.4	12.5000	9.0000	108.14	300.0
16-Jun	FXD 1/2016/10Yr	5.2	15.0390	11.1750	119.57	300.0
16-Jun	IFB 1/2020/9Yr	7.8	10.8500	10.7000	102.53	300.0

(Source: NSE, DBIB Research)

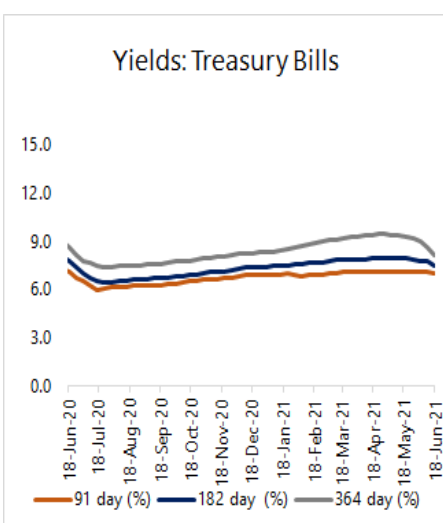
### Treasury Bill auction for the week ending 18 June 2021

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	8.20	205.04	4.52	7.000	(10.4)
182-day	10.00	11.25	112.52	7.22	7.536	(19.5)
364-day	10.00	17.23	172.34	5.53	8.105	(54.3)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

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## Salient News

### CBK embarks on making reforms on the bond market

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The Central Bank has embarked on making reforms directed towards reducing the dominance of large commercial banks in **government securities**, lowering cost of borrowing as well as boosting cash flow for investors who exit.

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The Central Bank has embarked on making reforms directed towards reducing the dominance of large commercial banks in **government securities**, lowering cost of borrowing as well as boosting cash flow for investors who exit. This follows a deal between Kenya the World Bank Group for the disbursement of USD 750 MN under the Development Policy Operations expected by the end of June 2021.

In the secondary market, the Central Bank aims to implement a benchmark bond programme that will strengthen secondary market liquidity and reduce domestic debt costs, while still supporting broader domestic bond market development. In addition, the bank has devoted to developing a bond reopening calendar, identifying candidate bonds as well as provide justification for the choice and the adoption of a benchmark bond size limit.

Furthermore, the Central Bank has also committed to coming up with a refinancing programme through strategies such as buying back the bonds when interest rates are lower and also asking investors to invest in other bonds rather than redeem their cash. This will in turn reduce refinancing risk and increase concentration in the benchmark issues. *(Source: Business Daily, DBIB Research)*

### Treasury set to rebase GDP following the fourth Eurobond offer

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Following the offer of the fourth Eurobond, the government intends to review the size of the economy later this year through a **rebasing** identical to the one conducted in 2014.

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Following the offer of the fourth Eurobond, the government intends to review the size of the economy later this year through a rebasing identical to the one conducted in 2014. The government stated that the rebasing will give an accurate reflection of the structure and size of the Kenyan economy. It will result into higher GDP figures which will consequently improve Kenya's debt-to-GDP ratios, thus be used to justify the country's capacity to bear more debt. *(Source: Business Daily, DBIB Research)*

## UPCOMING EVENTS

### Profit Warnings

1. Eaagads
2. E.A. Cables
3. Centum
4. Williamson Tea

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
NCBA	Final: KES 1.50	20-Apr-21	STA*
KenGen	First & Final: KES 0.30	22-Apr-21	22-Jul-21
KCB Group	First & Final: KES 1.00	26-Apr-21	26-Jun-21
Bamburi Cement	First & Final: KES 3:00	16-May-21	15-Jul-21
BOC Kenya	Final: KES 4.15	25-May-21	19-Jul-21
Jubilee Holdings	Final: KES 8.00	26-May-21	26-Jul-21
Kakuzi	First & Final: KES 18.00	31-May-21	30-Jun-21
Sasini	Interim: KES 0.50	02-Jun-21	15-Jul-2021
NSE	First& Final: KES 0.53	04-Jun-21	30-Aug-21
Umeme Ltd	Final: USH: 12.20	25-Jun-21	19-Jul-21
Total Kenya	First & Final: KES 1.57	25-Jun-21	30-Jul-21
Kenya Re	First & Final: KES 0.20	30-Jun-21	13-Aug-21
Safaricom	Final : KES 0.92	30-Jul-21	31-Aug-21

### Rights Issue

Crown Paints	Rights issue: 1:1	31-May-21	15-Jul-21
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*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Standard Group	11:00 a.m.	Virtual	22-Jun-21
Equity Group	10:00 a.m.	Virtual	24-Jun-21
BOC Kenya	11:00 a.m.	Virtual	24-Jun-21
DTB Kenya	11:00 a.m.	Virtual	24-Jun-21
Total Kenya	9:00 a.m.	Virtual	25-Jun-21
Kenya Airways	9:00 a.m.	Virtual	25-Jun-21
Nation Media	3:00 p.m.	Virtual	25-Jun-21
TPS E.A	11:00 a.m.	Virtual	28-Jun-21
CIC Insurance	10:00 a.m.	Virtual	29-Jun-21
Jubilee Holdings	11:00 a.m.	Virtual	29-Jun-21
Kenya Re	11:00 a.m.	Virtual	30-Jun-21
Flame Tree Group	11:00 a.m.	Virtual	30-Jun-21

*(Source: Company filings , DBIB Research)*

*\*TBC—To be confirmed*

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## 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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