

% in QUARTERLY NSE PERFORMANCE-

Indicator	Q1-2020	Q2-2020	Q2-2019	(Q-o-Q) %	(Y-o-Y) %
NSE 20	1,966.12	1,942.12	2,633.32	1.2%	26.2%
NSE 25	3,109.00	3,217.11	3,586.58	3.5%	10.3%
NASI	131.92	137.68	149.61	4.4%	8.0%
NSE Mkt CAP (KES Bn)	2,016.06	2,104.33	2,278.90	4.4%	7.7%
NSE Turnover (KES Bn)	43.62	39.42	32.38	9.0%	22.7%
VOLUMES (Bn)	1.36	1.42	1.58	4.2%	10.3%
BONDS (KES Bn)	150.11	132.07	191.13	12.0%	30.9%
Foreign Buys (KES Bn)	15.38	20.43	23.85	32.9%	14.4%
Foreign Sales (KES Bn)	25.68	30.68	22.54	19.4%	36.1%
Foreign Net Δ (KES Bn)	(11.62)	(10.25)	1.32	11.8%	879.3%

NSE Q2 - 2020 Performance

- Foreign activity improved to 64.5% in Q2-2020 from 60.9% in Q1-2020. A net foreign sell of 10.25Bn, with top five large caps dominating 83.5% of the outflows.
- Overall gains by Safaricom (0.35%), KCB (2.54%) and EABL (0.31%) helped boost total market value up by 4.4%.
- Safaricom was top mover with 548.41Mn shares with a value of KES 16.67Bn traded. on overall, the company gained a marginal 0.35% in value to close the quarter at KES 28.65 from KES 28.55 in Q1-2020. The communication company saw the CFO move on a promotion as a CFO of Vodafone Business. The company reported an earning of KES 1.5Bn from the police surveillance business.
- Top Gainers - Speculative investors remained the beneficiary of the markets with KQ gaining 3.28%, Flame Tree 1.57% and Eaagads 20.1%.
- Top losers - Bamburi lost 36.4%, Home Afrika 18.0% and NMG 17.2%.

Market Updates

- Co-Operative Bank of Kenya is set to acquire 90% of Jamii Bora Bank by issuing 224.1Mn shares valued at KES 1Bn or KES 4.46 per share. This will lead to a shareholder's dilution of 3.6%.
- Equity Group discontinues discussion on the acquisition of banking assets from Atlas Mara Limited in Rwanda, Tanzania, Zambia and Mozambique in exchange for shares in Equity Group.
- Nationalization of Kenya Airways is set to be initiated with the tabling of National Aviation Management Bill 2020.
- Nomination of Auditor General awaiting vetting by Parliament.

Market Outlook

- We project the market to remain under pressure as economic pressure spills over to Q3-2020.
- Full Year - EABL, KPLC, Kengen, Mumias, EAPCC, Uchumi, Mumias, Unga, Longhorn.

Q2 - 2020 - Top Movers

Counter	Value (KES Bn)	Volumes (Mn)	Net Foreign Activity (KES Bn)	% Foreign Activity
SCOM	16.67	548.41	(0.37)	77.6%
EQTY	7.37	195.34	(3.92)	60.2%
KCB	5.10	136.97	(3.10)	52.6%
EABL	2.88	17.29	(0.82)	74.6%

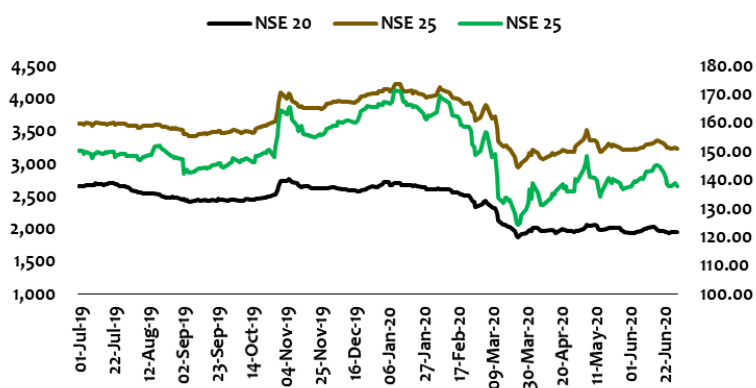
Q2-2020 - Top Gainers

Counter	Q1-2020	Q2-2020	% Δ
KQ	2.21	3.28	48.4%
Flame Tree	1.17	1.57	34.2%
Eaagads	8.24	9.90	20.1%
Sameer	2.92	3.50	19.9%
EA Cables	1.74	2.08	19.5%

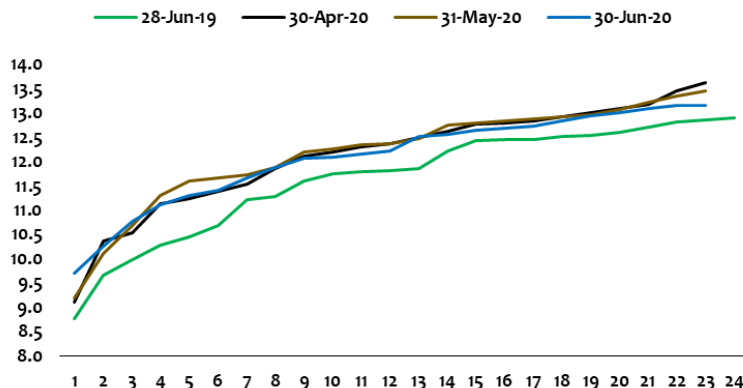
Q2-2020 - Top Losers

Counter	Q1-2020	Q2-2020	% Δ
Bamburi	44.00	28.00	36.4%
Home Afrika	0.50	0.41	18.0%
NMG	18.60	15.40	17.2%
Sanlam	16.00	13.50	15.6%
Portland	14.25	12.60	11.6%

NSE Indices



Monthly NSE Yield Curve



Interbank Market

- Interbank rate for the month of June averaged at 3.2%; 80.obps dip from 4.0% recorded in the month of May indicating liquidity in the market.
- Liquidity was supported majorly by the reduction of Cash Reserve Requirement (CRR) from 5.25% to 4.25%, payments of of KES 244.43Bn in T-Bills, KES 69.87Bn in bond coupons and KES 50.35Bn in bond redemptions in Q2-2020 compared to KES 297.34Bn in T-Bills ad KES 52.86Bn in bond coupons in Q1-2020.

Key CBK Rates	31-05-20	30-06-20
CBR Rate	7.00%	7.00%
Avg Interbank rate	4.01%	3.18%
91-day T-Bill	7.29%	7.08%
182-day T-bill	8.20%	7.86%
364-day T-bill	9.18%	8.78%
Inflation	5.47%	4.59%

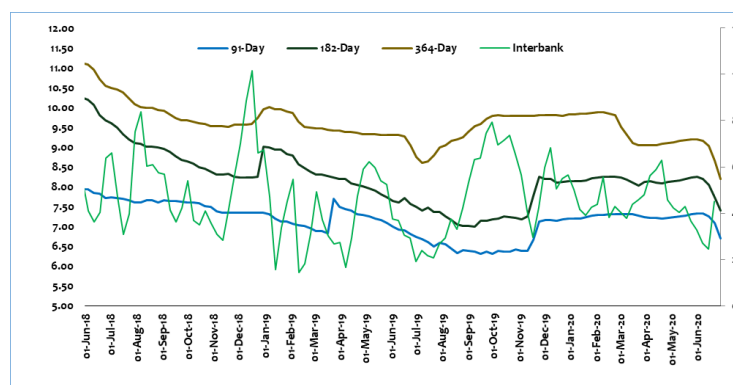
Currency performance

- The shilling recorded a marginal 26bps m/m strength against the USD to close at 106.52. It consequently closed at 120.14 and 131.17 against the Euro and STG Pound respectively.

30-06-2020	USD	EUR	GBP
W/W	0.10%	0.53%	0.79%
M/M	0.26%	0.99%	0.63%
YTD	4.86%	5.47%	1.63%
Y/Y	3.96%	3.19%	0.92%

Forex Reserve

- Forex reserves improved by 11.74% in the month of June to average at 5.75 months of import cover in comparison to 4.99 months recorded in the previous month. The forex reserve as at 25th June 2020 stood at USD 9,229Mn.



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Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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Co-operative Bank House- 5th Floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049540/0711049956

Email: kingdomresearch@co-opbank.co.ke

Research Department

Willis Nalwenge, CFA wnalwenge@co-opbank.co.ke

Fred Mwireri fmwireri@co-opbank.co.ke

Equities Trading

Andrew Karanja amkaranja@co-opbank.co.ke

Justus Ogalo jogalo@co-opbank.co.ke