

### NSE PERFORMANCE - July 2020

Indicator	Jul-19	Jun-20	Jul-20	y/y Δ	m/m Δ
NSE 20	2,627.81	1,942.12	1,804.10	31.3%	7.1%
NSE 25	3,583.09	3,217.11	3,059.56	14.6%	4.9%
NASI	148.25	137.68	133.23	10.1%	3.2%
NSE Mkt CAP (KES Bn)	2,257.97	2,104.33	2,036.04	9.8%	3.2%
NSE Turnover (KES Bn)	11.45	12.24	13.46	17.6%	9.9%
VOLUMES (Mn)	374.91	549.73	516.50	37.8%	6.0%
BONDS (KES Bn)	84.67	56.13	66.54	21.4%	18.5%
Foreign Buys (KES Bn)	6.63	6.96	5.50	17.1%	21.0%
Foreign Sales (KES Bn)	8.70	8.65	10.83	24.6%	25.3%
Foreign Net Δ (KES Bn)	(2.07)	(1.69)	(5.34)	158.3%	215.9%
Dollar Return (NASI)	0.9%	0.0%	-2.2%		

### NSE Equities and Bonds Performance – July 2020

- The NSE total value declined by a further 3.2% m-m due to loss of market value on large cap counters which continue to see heavy net foreign outflow.
- Dollar return declined by 2.2% m-m with month's foreign activity shrinking to 60.6% from 63.4% with a net outflow of KES 5.34Bn compared to KES 1.69Bn in June.
- NSE 20 Share Index declined by 7.1% m-m with Safaricom, EABL, KCB and Equity Bank losing 1.85%, 4.8%, 5.4% and 6.2% respectively. The loss in value saw NSE 25 Share Index dip by 4.9% m-m.
- Volumes were up by 9.9% m-m with heavy interest in Safaricom as it approached book closure and Equity Group with remains heavily discounted due to the current economic status.
- EABL reported a 39.0% decline in FY-2020 profits to close the month lower at KES 154.75 from KES 162.50. The company did not pay a final dividend leaving interim dividend of KES 3.00 as 2020 first and final dividend while opting to conserve cash.
- ScanGroup closed the month at KES 11.30 shedding 31.5%. The counter shed 48.9% since touching a high of KES 22.10 on announcing a special dividend of KES 8.00 per share.
- The month started with KQ suspended on 2<sup>nd</sup> July at KES 3.83 with the Nationalization of the National carrier kicking off.
- TransCentrury ended the month at KES 1.83, after cancellation of an Extraordinary General Meeting scheduled on 30<sup>th</sup> July. The EGM was meant to discuss the delisting of the investment firm. The counter lost 27.4% in market value compared to high of KES 2.52 on the height of the EGM proposal announcement.

### Top Movers - July 2020

Counter	Value (KES Bn)	Volume (Mn)	Net Foreign Activity (KES Bn)	% Foreign Activity
SCOM	13.47	277.13	(5.34)	60.6%
EQTY	7.62	65.92	(4.00)	63.0%
KCB	2.16	32.72	(0.62)	64.8%
EABL	1.13	4.73	(0.61)	38.3%
BAT	0.75	1.67	0.13	85.9%

### Top Gainers - July 2020

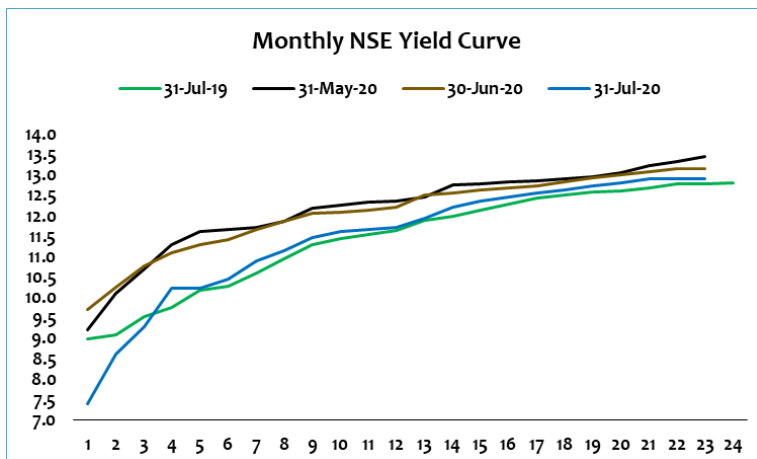
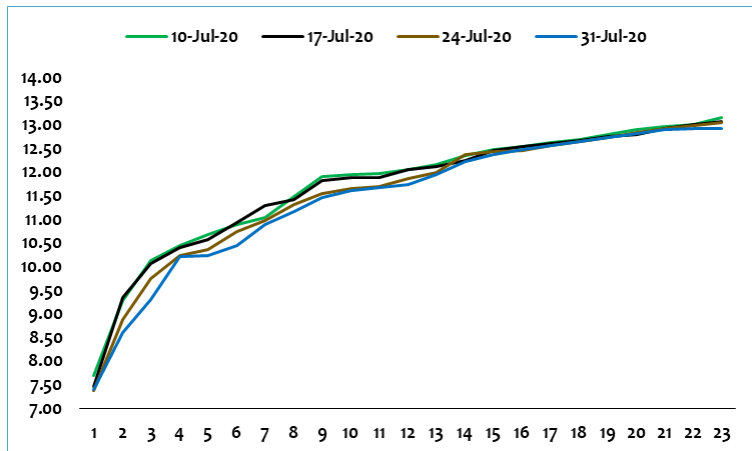
Counter	Jun-20	Jul-20	% Δ
Kakuzi	325.00	395.75	21.8%
TCL	1.54	1.83	18.8%
Home Afrika	0.41	0.48	17.1%
KQ	3.28	3.83	16.8%
Cables	2.08	2.36	13.5%

### Top Losers - July 2020

Counter	Jun-20	Jul-20	% Δ
Express (K)	6.00	3.90	35.0%
Scangroup	16.50	11.30	31.5%
NMG	15.40	10.55	31.5%
Co-op Bank	12.15	10.50	13.6%
NSE	7.74	6.80	12.1%

**Secondary Bonds Market:** Bonds market saw a total of KES 66.54Bn from 1,926 deals, a 18.5% increase in value compared to a value of KES 56.13Bn in June. We expect activity to remain high in the secondary bonds market as liquidity remains high in the market.

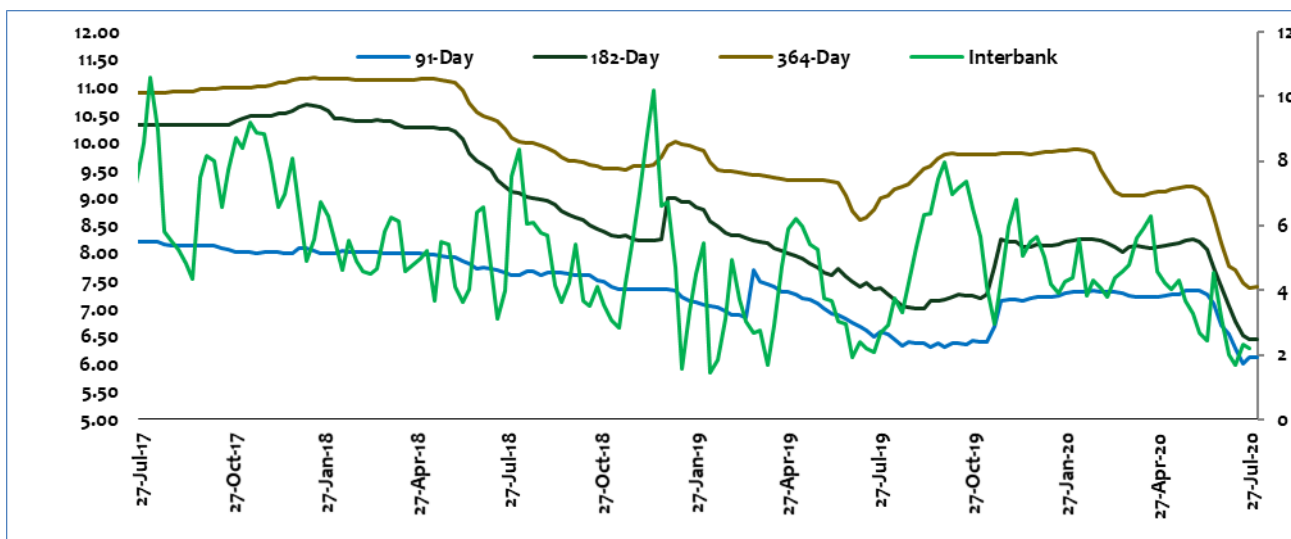
### Yield Curve



- Yield curve continued with a downward shift.
- Monthly yield curve shifted downward further downward. Short end continues to witness the largest downward shift losing 49bps y-y and 164.3bps m-m.
- Liquidity continues to be the main factor in the market as we expect a marginal downward shift in August.
- Primary bonds issue saw a subscription of KES 181.77Bn and an acceptance of KES 80.85Bn (44.5%).

YTM Key Rates %	31-Jul-19	30-Jun-20	31-Jul-20	bps Δ y-y	bps Δ m-m
2 Year	9.0915	10.2433	8.6000	49.2	164.3
5 Year	10.1750	11.3034	10.2335	5.8	107.0
10 Year	11.4500	12.0929	11.6045	15.5	48.8
15 Year	12.1500	12.6317	12.3633	21.3	26.8
20 Year	12.6167	13.0046	12.8121	19.5	19.3
23 Year	12.7875	13.1500	12.9162	12.9	23.4

### Money Market



**Interbank:** Interbank average rate declined by 99.5bps to 2.18% with average demand increasing to KES 9.13Bn in July from 2.18% and an average demand of KES 6.10Bn June.

**T-Bills:** T-Bill subscription levels improved to 243.1% from 207.2% in June Acceptance levels stood at 66.9% from 33.9% over the same period.

- A shift of tactic led to an improvement in 91-day subscription levels.
- Lower subscription towards the end on the month saw interest rate improve by 11bps, 15bps and 21bps for the 91-day, 182-day and 364-day papers respectively.
- With a redemption of KES 123.87Bn expected in August, we expect the upward trend on the returns to reverse with a further shift towards the 91-day papers.

### Currencies:

30-Jul-20	KES/USD	KES/GBP	KES/EUR	KES/JPY	Dollar Index
W/W	0.4%	1.6%	0.9%	1.4%	1.7%
M-t-D	1.1%	6.4%	5.6%	3.3%	4.3%
M/M	1.1%	6.4%	5.2%	3.2%	4.5%
Y-t-D	6.3%	4.7%	11.3%	9.6%	4.0%
Y/Y	3.5%	9.3%	9.1%	6.8%	5.1%

- The shilling depreciated by 1.1% on improved demand from import need from merchandisers and oil importers.
- Towards the end of the month, the shilling recovered by 0.4% w/w against the dollar, from 108.08/USD to 107.71/USD from regulator interventions.
- Increase in numbers of Covid-19 in July and the potential implication to the Kenyan economy led to the shilling weakening against all major currencies.
- Dollar index lost 1.7% w-w while shedding 4.5% m-m after data showing America's annualized Q2-2020 GDP plunged 32.9% despite an expected quick V shape recovery in Q2 and Q3 following the March collapse in economic activities.
- With a few vaccines and therapeutic drugs entering human trial phase in the fight against the Covid-19, further development will lead to a positive reaction to the global economy.

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- **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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