

# Kenya Retail Report 2024, & Cytonn Weekly #29/2024

## Equities

### Market Performance:

During the week, the equities market recorded a mixed performance, with NSE 20 gaining by 0.3% while NASI declined the most by 1.3%. NSE 25 and NSE 10 both declined by 0.8% respectively, taking the YTD performance to gains of 23.7%, 20.9%, 18.1%, and 12.8% for NSE 10, NSE 25, NASI, and NSE 20 respectively. The equities market performance was driven by losses recorded by large-cap stocks such as Safaricom, Equity, and Standard Chartered Bank of Kenya of 3.8%, 1.6%, and 0.9% respectively. The performance was however supported by gains recorded by large-cap stocks such as EABL, BAT, and Stanbic Bank of 3.3%, 1.5%, and 0.9% respectively;

During the week, equities turnover increased by 10.5% to USD 9.7 mn from USD 8.7 mn recorded the previous week, taking the YTD total turnover to USD 374.2 mn. Foreign investors remained net sellers with a net selling position of USD 0.9 mn, from a net selling position of USD 0.2 mn recorded the previous week, taking the YTD foreign net buying position to USD 6.1 mn.

The market is currently trading at a price-to-earnings ratio (P/E) of 5.3x, 55.3% below the historical average of 11.9x. The dividend yield stands at 8.0%, 3.5 points above the historical average of 4.5%. Key to note, NASI's PEG ratio currently stands at 0.7x, an indication that the market is undervalued relative to its future growth. A PEG ratio greater than 1.0x indicates the market is overvalued while a PEG ratio less than 1.0x indicates that the market is undervalued. The charts below indicate the historical P/E and dividend yields of the market;



### Universe of Coverage:

Cytonn Report: Equities Universe of Coverage

Company	Price as at 12/07/2024	Price as at 19/07/2024	w/w change	YTD Change	Year Open 2024	Target Price*	Dividend Yield	Upside/Downside**	P/TBv Multiple	Recommendation
Jubilee Holdings	176.3	169.8	(3.7%)	(8.2%)	185.0	260.7	8.4%	62.0%	0.3x	Buy
Diamond Trust Bank***	46.5	46.5	0.0%	3.8%	44.8	65.2	10.8%	51.1%	0.2x	Buy
Equity Group***	43.3	42.6	(1.6%)	26.6%	34.2	60.2	9.4%	50.7%	0.9x	Buy
NCBA***	41.2	40.9	(0.8%)	6.0%	38.9	55.2	11.6%	46.8%	0.8x	Buy
Co-op Bank***	13.0	13.0	0.0%	14.1%	11.4	17.2	11.6%	44.4%	0.6x	Buy
Stanbic Holdings	115.0	116.0	0.9%	8.5%	106.0	145.3	13.2%	38.5%	0.8x	Buy
KCB Group***	34.2	34.0	(0.4%)	55.6%	22.0	46.7	0.0%	37.2%	0.5x	Buy
Britam	5.7	5.5	(2.8%)	10.5%	5.1	7.5	0.0%	35.9%	0.8x	Buy
ABSA Bank***	13.9	14.0	0.7%	20.3%	11.6	17.3	11.1%	34.6%	1.1x	Buy
CIC Group	2.2	2.2	(1.8%)	(2.6%)	2.3	2.8	5.9%	33.8%	0.7x	Buy

Cytonn Report: Equities Universe of Coverage

Company	Price as at 12/07/2024	Price as at 19/07/2024	w/w change	YTD Change	Year Open 2024	Target Price*	Dividend Yield	Upside/Downside**	P/TBv Multiple	Recommendation
I&M Group***	21.7	21.5	(0.9%)	24.4%	17.5	25.5	11.9%	30.5%	0.4x	Buy

Target Price as per Cytonn Analyst estimates

\*\*Upside/ (Downside) is adjusted for Dividend Yield

\*\*\*For Disclosure, these are stocks in which Cytonn and/or its affiliates are invested in

*We are “Neutral” on the Equities markets in the short term due to the current tough operating environment and huge foreign investor outflows, and, “Bullish” in the long term due to current cheap valuations and expected global and local economic recovery. With the market currently being undervalued for its future growth (PEG Ratio at 0.7x), we believe that investors should reposition towards value stocks with strong earnings growth and that are trading at discounts to their intrinsic value. We expect the current high foreign investors’ sell-offs to continue weighing down the equities outlook in the short term.*

Liason House, StateHouse Avenue

The Chancery, Valley Road

www.cytonn.com

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