

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	17.05	80.1%	BUY
Equity bank	43.67	43.30	0.9%	HOLD
KCB bank	47.26	34.15	38.4%	BUY
Co-op bank	20.46	12.95	58.0%	BUY
ABSA bank	12.89	13.90	-7.3%	HOLD
StanChart bank	138.26	194.50	-28.9%	SELL
NCBA bank	40.68	41.20	-1.3%	HOLD
I&M bank	33.32	21.70	53.5%	BUY
Stanbic bank	108.85	115.00	-5.3%	HOLD
DTB bank	116.13	46.45	150.0%	BUY
EABL	151.28	150.00	0.9%	HOLD
Bamburi Cement	44.37	61.50	-27.9%	SELL
BAT Kenya	460.00	354.25	29.9%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL touched a 5-week high as Coop Bank touched a 3-week high on increased local demand. Bamburi Cement touched a 51-month high on increased local demand, with its share price appreciating by 28.3% for the week, following a notice given about the acquisition of 100% of the ordinary shares by Amsons Industries (K) Ltd for KES 65.00 per share.
- Safaricom registered the highest net foreign outflows for the week at USD 1.0m (KES 134.7m) while Stanbic Bank had the highest net foreign inflows at USD 0.6m (KES 72.0m).

Debt market commentary and outlook

- Overall subscription rates grew sustaining a 2-week gaining streak at 137.3% from 124.4% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined slightly for the 91-Day T-Bill while it improved for the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-bill increasing for the third week in a row, and the yield on the 182-Day T-Bill and the 364-Day T-Bill climbed up for the eleventh straight week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,695.8	2.1%	0.4%	12.0%	17.5%	10.5%	13.0%
Kenya NASI	110.0	5.1%	3.2%	18.6%	28.3%	6.8%	19.5%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.3%	-3.6%	0.0%	46.3%	5.7%	44.2%
Johannesburg Index	2.1%	8.4%	13.9%	14.1%	5.6%	7.8%
Nigeria Stock Exchange	-6.1%	-8.2%	-28.1%	-30.2%	-24.0%	-24.9%
Ghana Stock Exchange	3.3%	5.9%	3.4%	1.4%	5.3%	1.2%
Egyptian Stock Exchange	-0.3%	6.4%	-1.7%	-28.6%	5.0%	-26.2%
MSCI EFM ex SA Index	0.7%	2.2%	2.8%	4.7%	6.5%	53.0%

Other market statistics

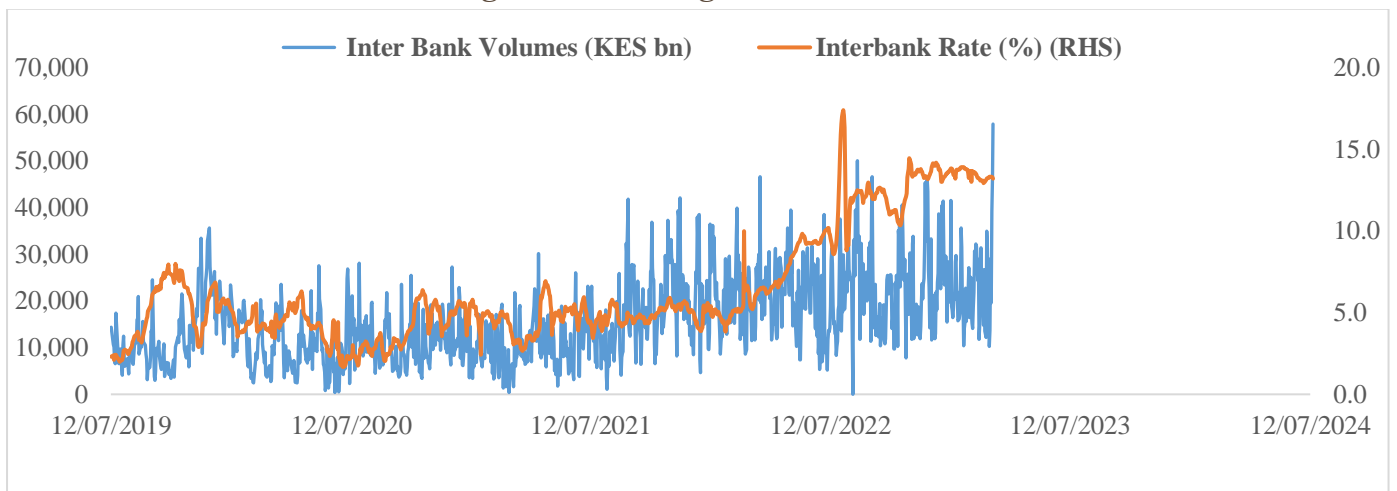
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.36	-0.9%	-0.6%	0.7%	23.3%	9.3%	21.2%
USD/ZAR	17.95	1.3%	2.4%	5.1%	3.9%	0.9%	2.3%
USD/EGP	48.00	0.0%	-0.6%	-0.9%	-35.6%	-35.6%	-35.6%
USD/NGN	1605.00	-4.9%	-6.8%	-25.1%	-40.3%	-51.9%	-43.2%
USD/GHS	15.40	-0.1%	-2.3%	-12.7%	-22.2%	-26.1%	-22.4%

NSE most active counters

Counter	Value Traded (KES m)	Foreign Investor Net Buying/(Selling) (KES m)	Foreign Investor Activity as % of total	Weekly Price Change (%)	YTD (%)	% Below 12-month high	% Above 12-month low
Safaricom	372.2	-134.7	55.3%	-1.4%	22.7%	-13.5%	1.5%
EABL	148.3	7.9	95.1%	4.7%	31.6%	-9.4%	-4.5%
Coop Bank	147.7	1.5	0.6%	2.4%	13.6%	-14.0%	-2.3%
Equity Bank	84.7	53.3	55.9%	3.1%	28.7%	-12.0%	-3.0%
Stanbic Bank	76.3	72.0	47.1%	1.8%	5.7%	-11.5%	-1.7%

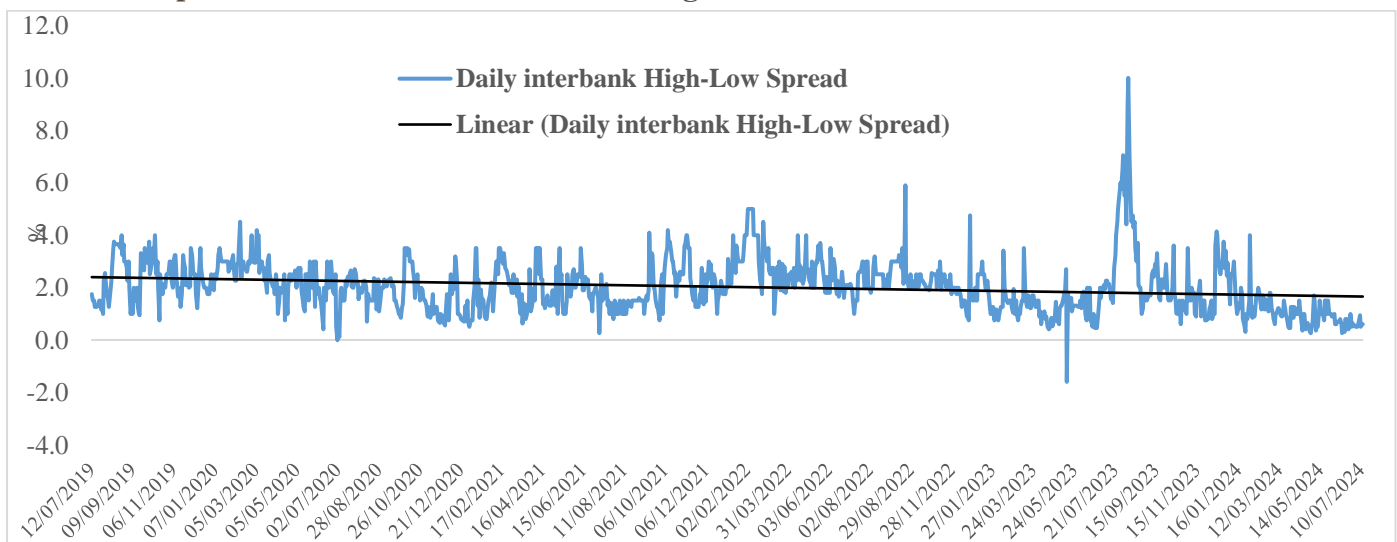
Key Rates and Spreads

Inter-bank Rates decline, sustaining a 2-week losing streak.



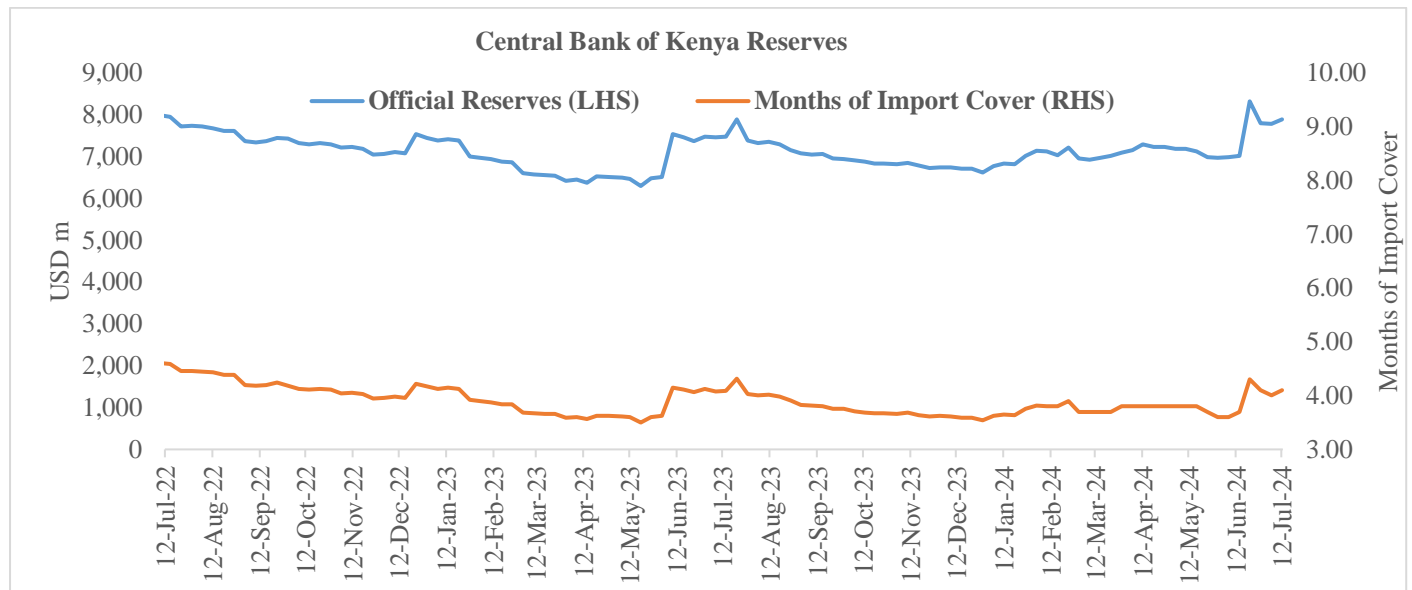
Source: CBK

Inter-bank Spreads narrow for the third week straight.



Source: CBK

Months of import cover and CBK FX improve, after a 2-week decline.



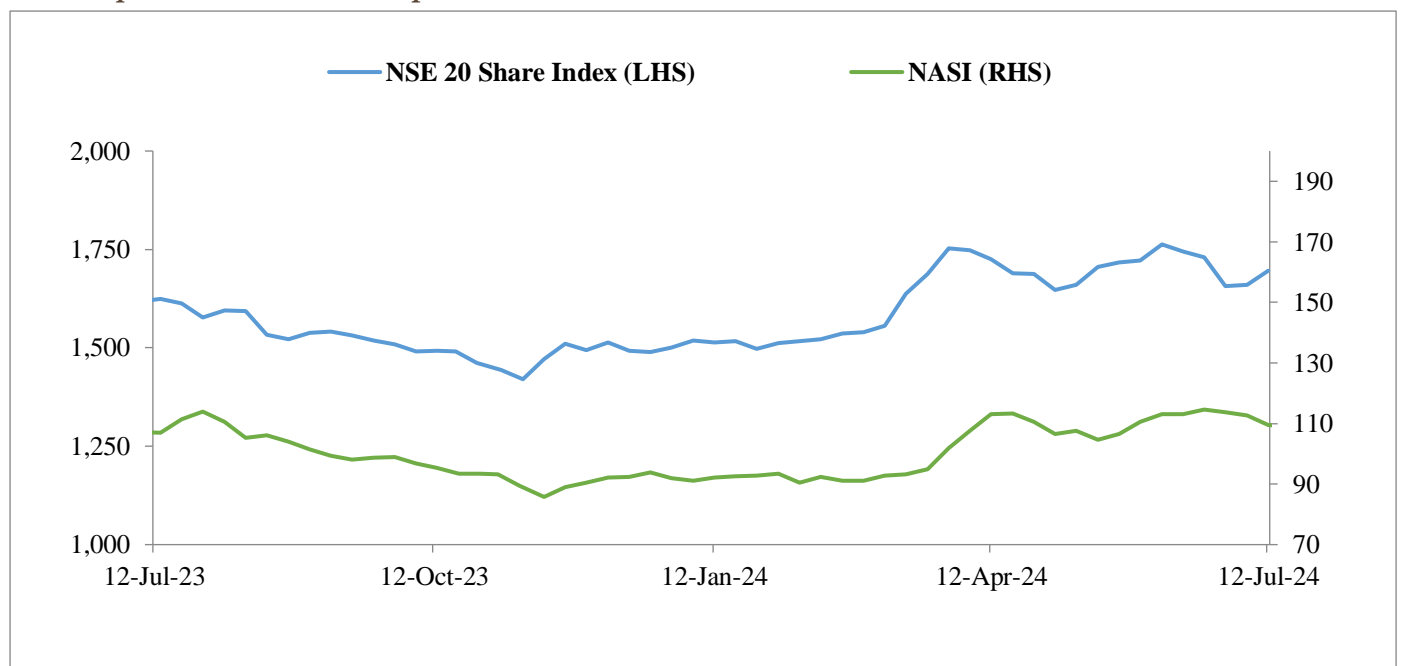
Source: CBK

Equity market trading commentary

Market turnover increased by 15.5% to stand at USD 8.7m (KES 1.1 bn). The NASI improved by 0.9% to conclude at 110.03, breaking a 4-week decline and the NSE 20 advanced by 0.2% to settle at 1,659.78, maintaining a two-week gaining streak. Foreign investors turned net sellers at USD 0.2m (KES 21.3m). Safaricom registered the highest net foreign outflows for the week at USD 1.0m (KES 134.7m) while Stanbic Bank had the highest net foreign inflows at USD 0.6m (KES 72.0m).

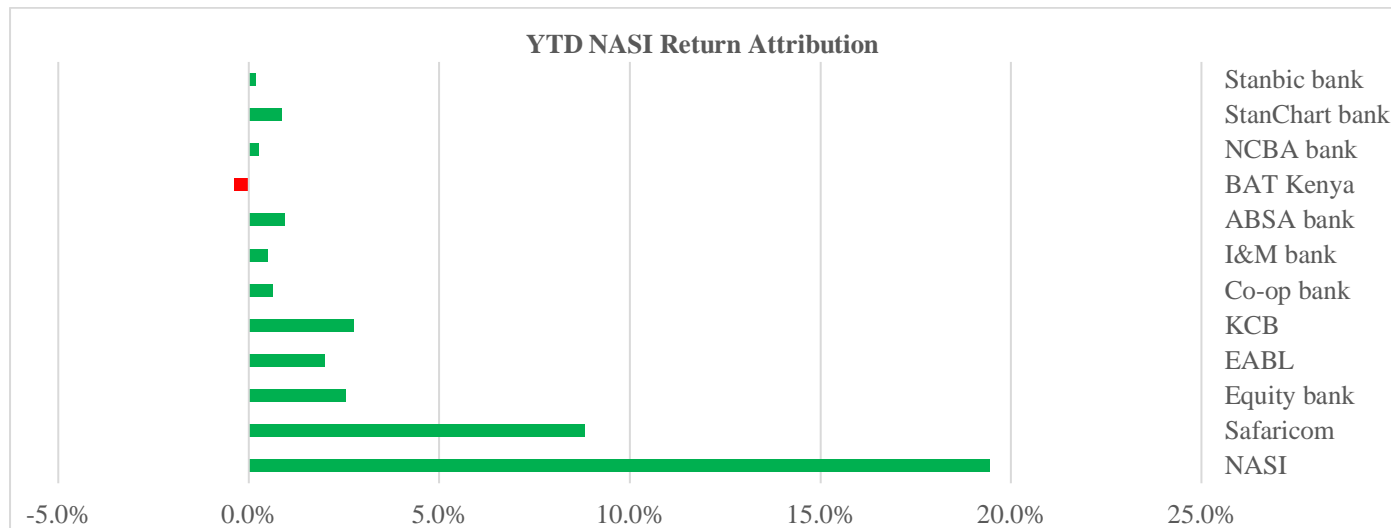
During the week, EABL touched a 5-week high as Coop Bank touched a 3-week high on increased local demand. Bamburi Cement touched a 51-month high on increased local demand, with its share price appreciating by 28.3% for the week, following a notice given about the acquisition of 100% of the ordinary shares by Amsons Industries (K) Ltd for KES 65.00 per share.

Market performance over the past 12 months



Source: NSE

NASI performance: Year-to-date (YTD) Return Attribution



Source: Kestrel Research

Debt market trading commentary

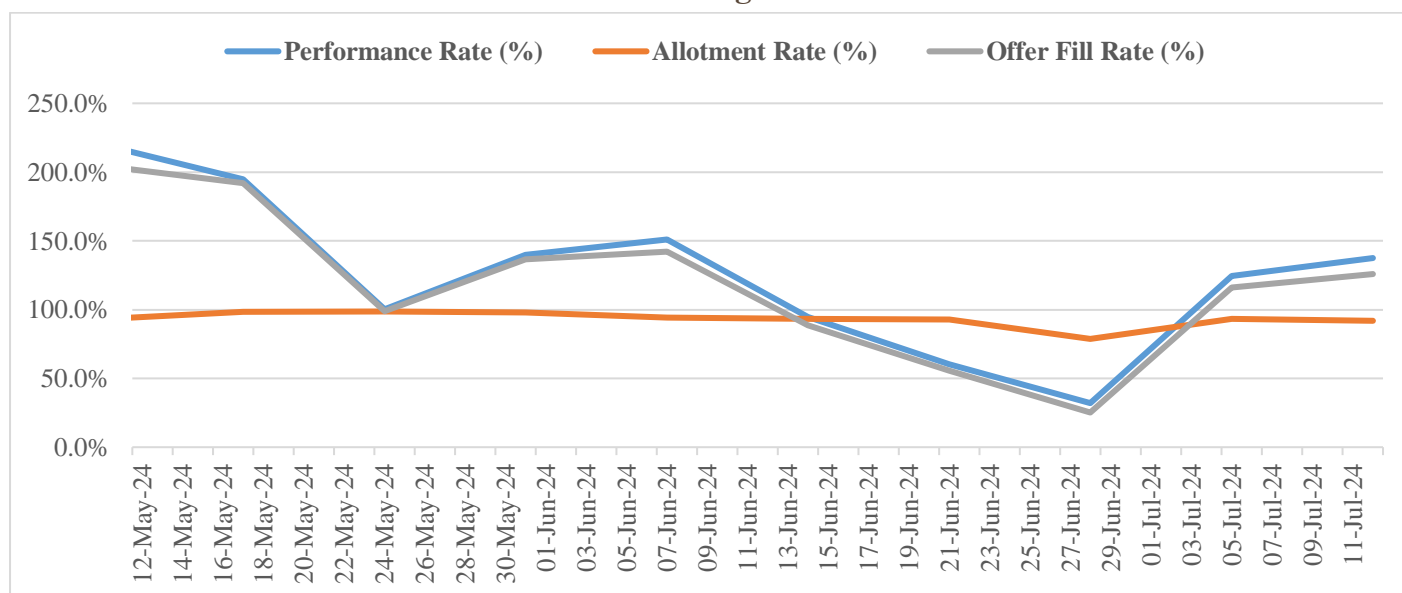
Overall subscription rates grew sustaining a 2-week gaining streak at 137.3% from 124.4% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined slightly for the 91-Day T-Bill while it improved for the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-bill increasing for the third week in a row, and the yield on the 182-Day T-Bill and the 364-Day T-Bill climbed up for the eleventh straight week.

The CBK also offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 14.6bn for the 91-Day T-Bill, implying a subscription rate of 364.71%. It accepted bids worth KES 13.1bn at an average yield of 15.995% (+0.9 bps w/w).

The 182-Day T-Bill received bids worth KES 10.0bn, implying a performance rate of 100.65%. It accepted bids worth KES 9.0bn at an average yield of 16.822% (+2.7 bps w/w).

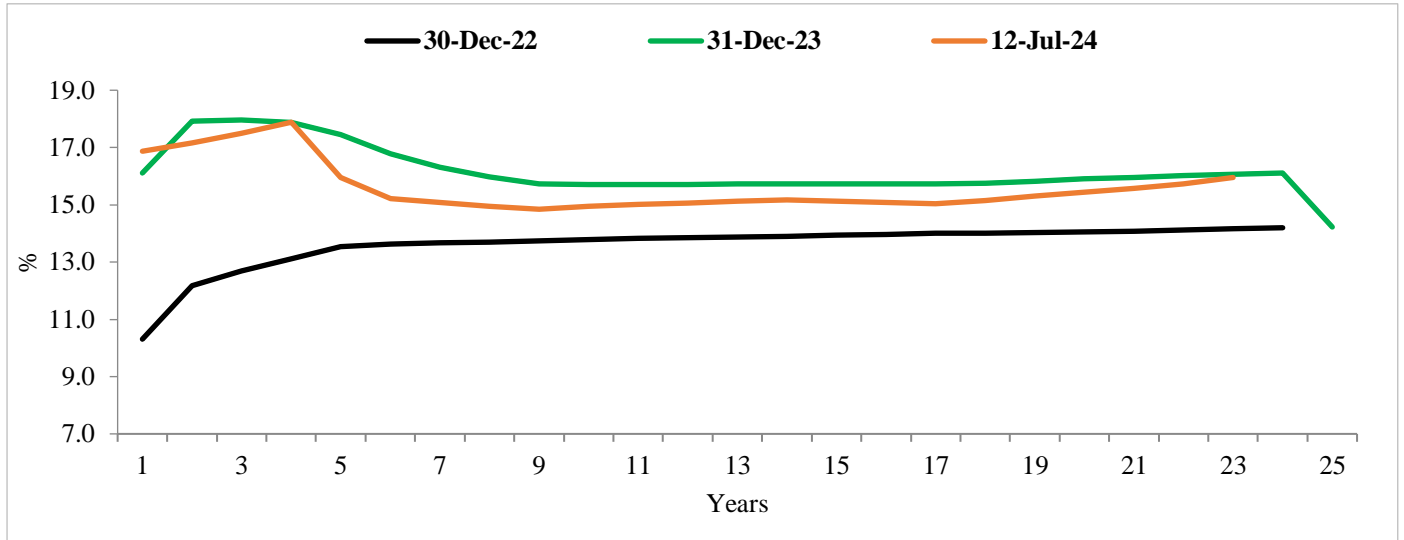
The 364-Day T-Bill received bids worth KES 8.3bn, implying a performance rate of 82.97%. It accepted bids worth KES 8.1bn at an average yield of 16.880% (+5.0 bps w/w).

T-Bills Performance rates sustain a two-week climbing streak



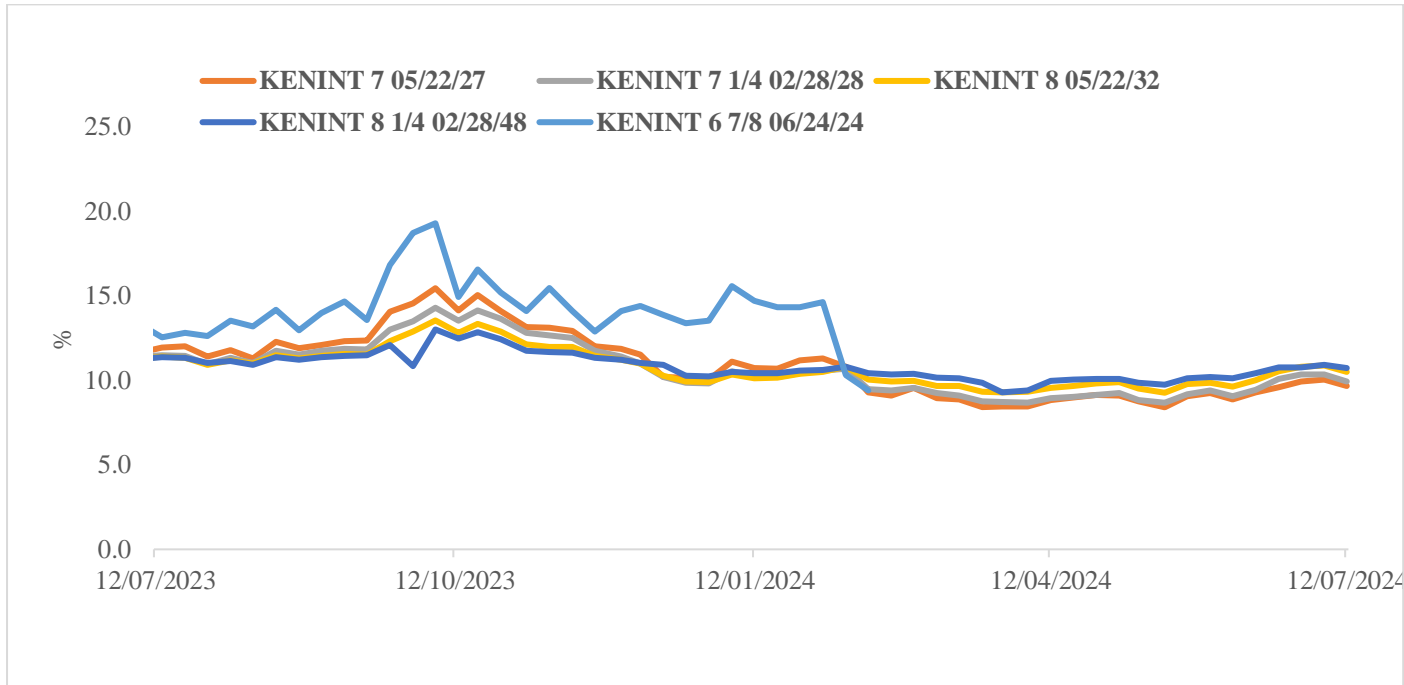
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors decline week-on-week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading ¹ vol (USD)
Safaricom	Telecom	Mar	19.70	11.65	17.05	22.7	5,285	39.5%	1.06	1.20	4.7	16.0	7.0	3.6	22.7	139,657,307
Equity Bank	Banking	Dec	49.20	33.65	43.30	28.7	1,264	9.4%	11.12	3.00	48.7	3.9	6.9	0.9	22.8	99,453,068
EA Breweries	Breweries	Jun	94.00	67.00	17.80	31.6	918	6.9%	-	1.75	27.1	-	1.2	5.5	-	15,763,539
Co-op Bank	Banking	Dec	15.05	10.20	12.95	13.6	588	4.4%	4.03	1.50	18.4	3.2	11.6	0.7	21.9	14,830,071
NCBA Bank	Banking	Dec	45.20	35.00	41.20	5.8	525	3.9%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	2,933,943
Absa Bank	Banking	Dec	14.30	10.75	13.90	21.4	584	4.4%	2.19	1.55	12.0	6.3	11.2	1.2	18.3	10,651,560
KCB Bank	Banking	Dec	37.95	15.75	34.15	55.9	849	6.3%	13.30	-	68.1	2.6	-	0.5	19.5	80,041,541
StanChart Bank	Banking	Dec	201.25	150.25	194.50	20.1	569	4.2%	40.82	29.00	158.0	4.8	14.9	1.2	25.8	6,876,290
Stanbic Bank	Banking	Dec	130.00	100.25	115.00	5.7	352	2.6%	28.71	13.75	140.8	4.0	12.0	0.8	20.4	9,413,250
BAT Kenya	Tobacco	Dec	94.00	67.00	354.25	-13.1	274	2.0%	55.68	50.00	163.8	6.4	14.1	2.2	34.0	10,435,442
BK Group	Banking	Dec	37.00	30.15	30.15	-15.8	209	1.6%	10.48	3.28	46.8	2.9	10.9	0.6	22.4	3,333,167
I&M Holdings	Banking	Dec	22.65	16.75	21.70	24.0	278	2.1%	8.10	2.55	47.8	2.7	11.8	0.5	16.9	57,157,851
Umeme Ltd.	Power	Dec	4.11	4.00	15.30	-4.4	192	1.4%	0.27	2.00	21.6	57.5	13.1	0.7	1.2	2,239,912
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	61.50	71.5	173	1.3%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	2,834,752
KenGen	Power	Jun	2.52	1.96	2.45	21.9	125	0.9%	0.49	-	41.6	5.0	-	0.1	1.2	4,284,785
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.23	-4.7	99	0.7%	60.93	12.30	613.8	2.9	7.0	0.3	9.9	894,394
DTB Bank	Banking	Dec	55.75	44.05	46.45	3.1	100	0.8%	25.34	6.00	256.8	1.8	12.9	0.2	9.9	3,964,514
Britam	Insurance	Dec	6.38	4.15	5.68	18.6	111	0.8%	1.30	-	9.2	4.4	-	0.6	14.1	313,826
Total Oil	Oil	Dec	1.86	1.35	21.15	17.5	103	0.8%	4.80	1.31	48.0	4.4	6.2	0.4	10.0	221,910
Kakuzi	Agric	Dec	420.00	353.50	355.25	-7.7	54	0.4%	23.25	24.00	303.5	15.3	6.8	1.2	7.7	36,397
CIC Insurance	Insurance	Dec	6.38	4.15	5.68	-0.4	45	0.3%	0.55	0.13	3.3	4.0	5.8	0.7	16.9	281,011
Centum Investment	Finance	Mar	9.50	7.88	8.94	6.4	46	0.3%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	1,511,402
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	61.50	22.50	61.50	-4.6	37	0.3%	(0.20)	4.00	24.1	-	6.5	2.6	(0.8)	2,834,752
Kenya Re	Insurance	Dec	2.87	1.38	1.38	-26.6	30	0.2%	1.78	0.10	13.4	0.8	7.2	0.1	13.2	2,945,662
Sasini Tea & Coffee	Agric	Sept	29.00	17.65	18.95	-5.3	33	0.2%	3.11	1.00	61.7	6.1	5.3	0.3	5.0	93,189
Carbacid	Gases	July	18.00	14.55	17.80	18.7	35	0.3%	4.01	0.70	13.6	4.4	3.9	1.3	11.9	259,331
Nation Media	Media	Dec	22.00	16.50	17.25	-14.0	25	0.2%	(1.08)	1.49	43.1	-	8.6	0.4	(2.5)	1,457,564
Kenya Power	Power	Jun	1.86	1.35	1.80	26.8	27	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	829,453
TPSEA Serena	Tourism	Dec	20.05	11.00	12.65	-23.1	18	0.1%	4.78	-	33.3	2.6	-	0.4	14.4	30,654
Liberty K. Holdings	Insurance	Dec	200.00	168.00	1.38	58.8	24	0.2%	0.15	-	15.9	38.4	-	0.4	1.0	22,950
BOC Kenya	Gases	Dec	94.00	67.00	90.00	9.8	14	0.1%	10.14	5.95	85.1	8.9	6.6	1.1	11.9	20,841
NSE	Finance	Dec	6.62	5.52	6.12	1.7	12	0.1%	0.05	0.20	7.1	115.7	3.3	0.9	0.7	284,906
Housing Finance	Banking	Dec	5.10	3.25	4.10	17.8	12	0.1%	1.18	4.00	20.5	3.5	97.6	0.2	5.8	8,191
Unga Ltd	Food	Jun	1.71	1.01	0.27	-22.6	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	26,970
Sanlam Kenya	Insurance	Dec	2.87	1.38	5.86	-1.7	7	0.0%	(0.88)	-	3.9	-	-	1.5	(22.7)	281,011
Car & Gen	Motors	Sept	41.50	18.85	20.00	-20.0	6	0.0%	(6.82)	3.20	135.8	-	16.0	0.1	(5.0)	22,552
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.1%	3.38	1.00	80.9	112.4	0.3	4.7	4.2	1,869
WPP Scangroup	Media	Dec	2.99	1.99	2.06	-5.5	7	0.1%	0.30	-	11.9	6.8	-	0.2	2.5	100,276
EA Portland	Cement	Jun	61.50	22.50	0.94	-44.3	3	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	16,794
Standard Newspapers	Media	Dec	9.48	5.10	6.76	-12.7	4	0.0%	(10.05)	-	0.4	-	-	15.4	(2,284)	4,347
Longhorn	Publishing	Jun	2.93	2.01	2.32	-3.7	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	11,331
TransCentury	Finance	Dec	9.50	7.88	3.00	-28.8	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	141,628
Average												11.5	8.4	2.3	17.6	477,256,300

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