

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	28.05	21.5%	BUY
Equity bank	70.69	48.15	46.8%	BUY
KCB bank	68.17	40.85	66.9%	BUY
Co-op bank	19.83	12.35	60.6%	BUY
ABSA bank	14.44	12.00	20.3%	BUY
StanChart bank	122.25	136.50	-10.4%	HOLD
NCBA bank	43.98	30.20	45.6%	BUY
I&M bank	32.61	17.00	91.8%	BUY
Stanbic bank	109.98	100.00	10.0%	HOLD
DTB bank	130.90	50.00	161.8%	BUY
EABL	223.42	154.00	45.1%	BUY
Bamburi Cement	60.07	34.25	75.4%	BUY
BAT Kenya	549.38	449.75	22.2%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom sustained a 4-day declining streak, before ending higher in the last day of trading as foreign consistently sold out of the stock. Safaricom marked a 38-day low. On account of local selling, Centum Investment hit a 22-day low. Similarly, KCB bank touched a 19-day low driven by local investors' sell-off. On the other hand, NCBA bank rose to an 18-day high on the back of local demand.

Debt market commentary and outlook

- Overall subscription rate increased to 128.8%, up from 80.9% registered the previous week. The yield on the 91-day T-Bill edged upwards for the fourteenth consecutive week. Activity on the 182-day T-Bill rebounded, but the 364-day T-Bill remained subdued for the sixth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,758.9	0.6%	1.9%	4.2%	-7.3%	-13.2%	-7.5%
Kenya NASI Return	137.4	-0.4%	-3.3%	5.8%	-16.6%	-23.5%	-17.5%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	-2.0%	-18.1%	-20.9%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	-3.0%	-23.1%	-28.4%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-1.8%	-1.8%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.1%	-3.7%	8.4%	-20.4%	-19.4%	-22.1%
Johannesburg Index	-6.5%	-5.0%	-2.5%	-19.7%	-13.0%	-15.8%
Nigeria Stock Exchange	-0.4%	-2.4%	-5.2%	2.6%	14.2%	15.8%
Ghana Stock Exchange	1.3%	-8.9%	-19.9%	-35.1%	-45.8%	-44.4%
Egyptian Stock Exchange	-2.5%	-1.5%	5.3%	-28.1%	-28.3%	-32.1%
MSCI EFM ex SA Index	-1.8%	-1.8%	-1.5%	-19.2%	-21.4%	-22.7%

Other market statistics

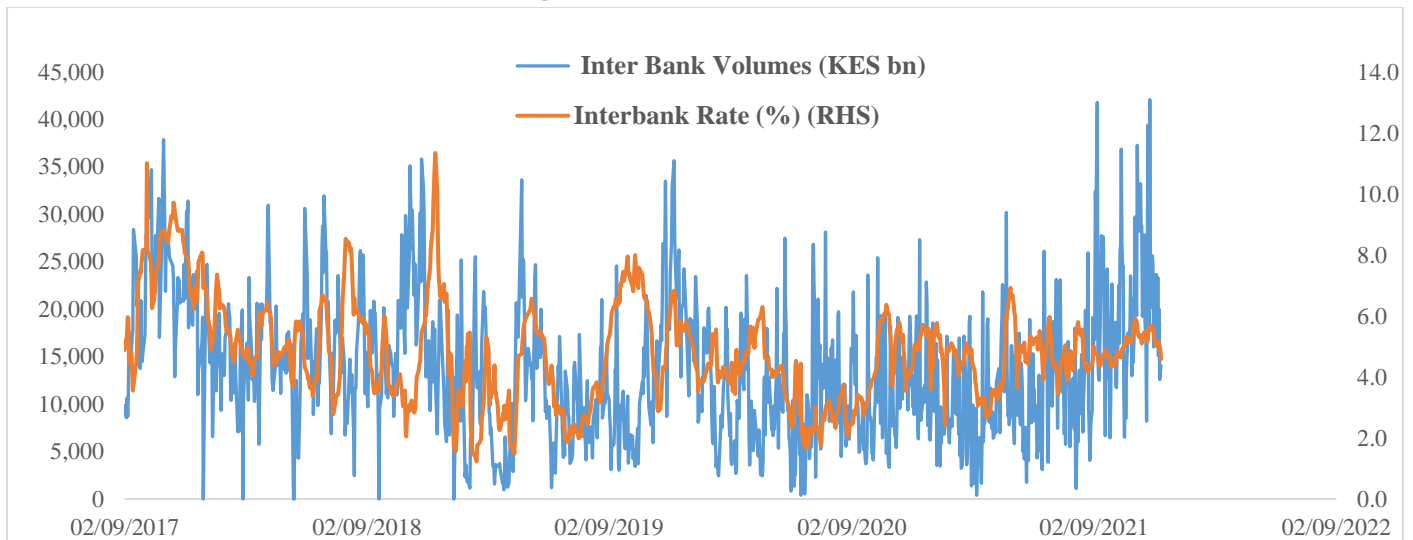
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	120.2	-0.2%	-0.9%	-1.6%	-5.2%	-6.2%	-5.9%
USD/ZAR	17.3	-2.4%	-2.9%	-4.9%	-11.1%	-8.2%	-7.9%
USD/EGP	19.2	-0.2%	-0.5%	-2.2%	-18.4%	-18.3%	-18.3%
USD/NGN	429.2	-1.0%	-1.1%	-1.9%	-3.1%	-3.5%	-1.1%
USD/GHS	9.9	0.2%	-12.8%	-18.8%	-29.1%	-38.5%	-37.8%

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	1,152.4	-758.4	54.2%	0.0%	-26.1%	-35.7%	21.4%
Equity bank	324.4	75.6	69.5%	-2.1%	-8.7%	-10.0%	23.5%
EABL	112.8	-34.5	72.8%	0.7%	-6.7%	-12.5%	40.0%
KCB bank	109.6	1.4	2.5%	-0.2%	-10.1%	-15.9%	16.7%
NCBA bank	18.3	0.04	0.1%	5.8%	19.8%	0.0%	31.3%

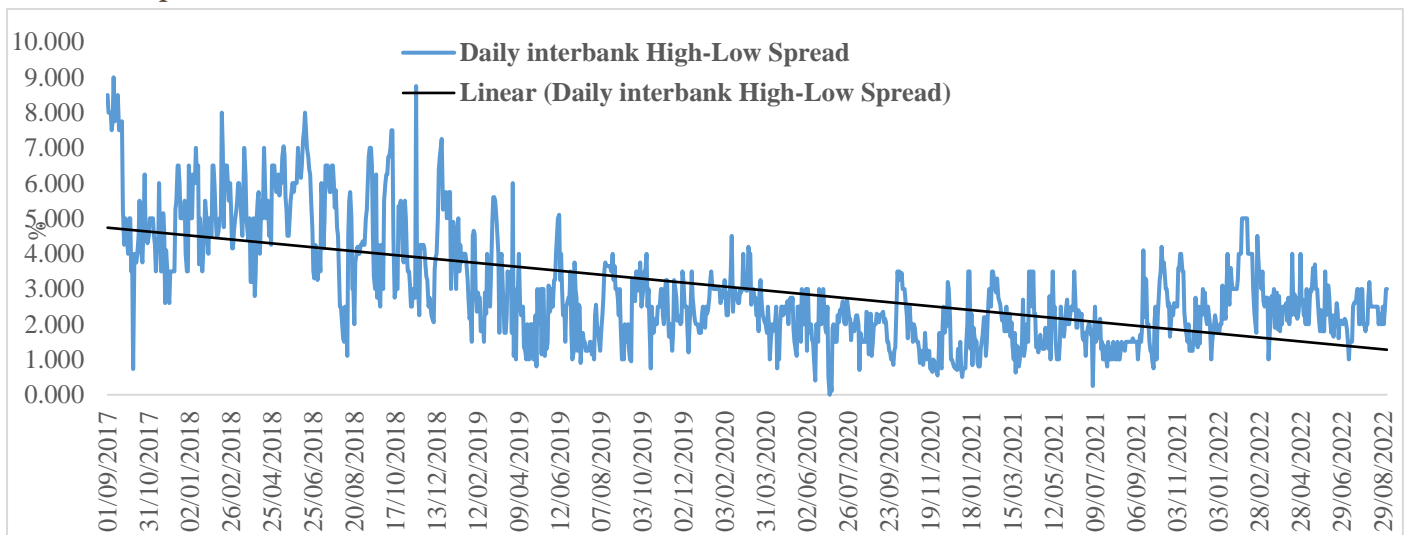
Key Rates and Spreads

Inter-bank rate decreases for the third straight week



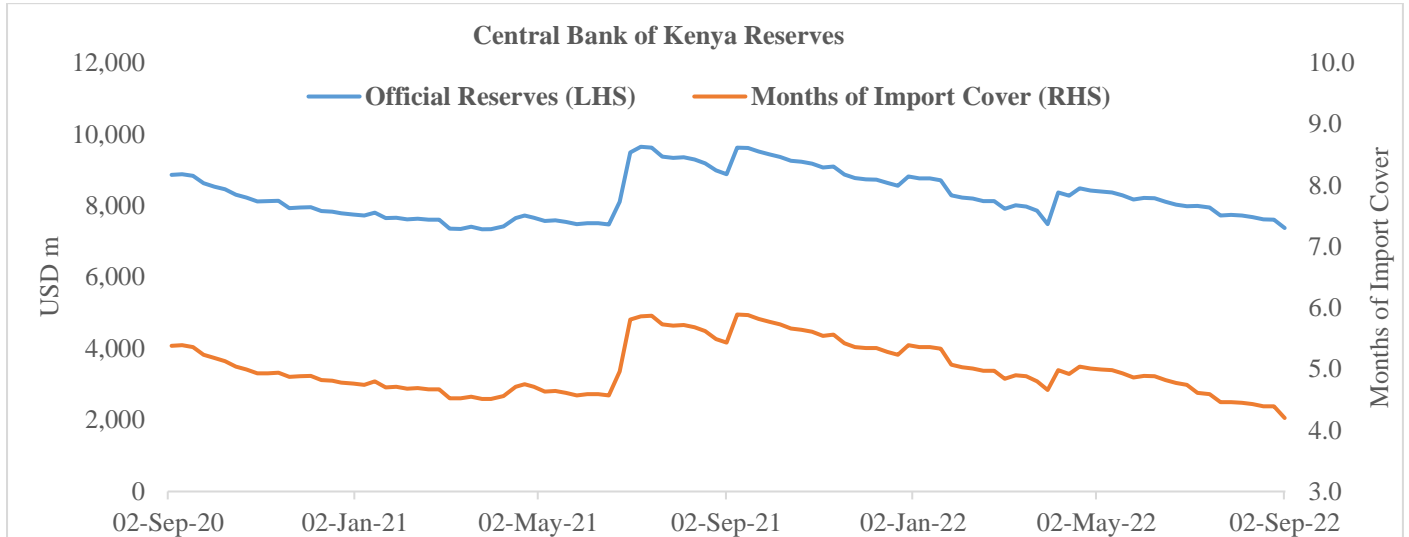
Source: CBK

Inter-bank spread widens week-on-week



Source: CBK

Forex reserves and import cover decline for the fourth consecutive week



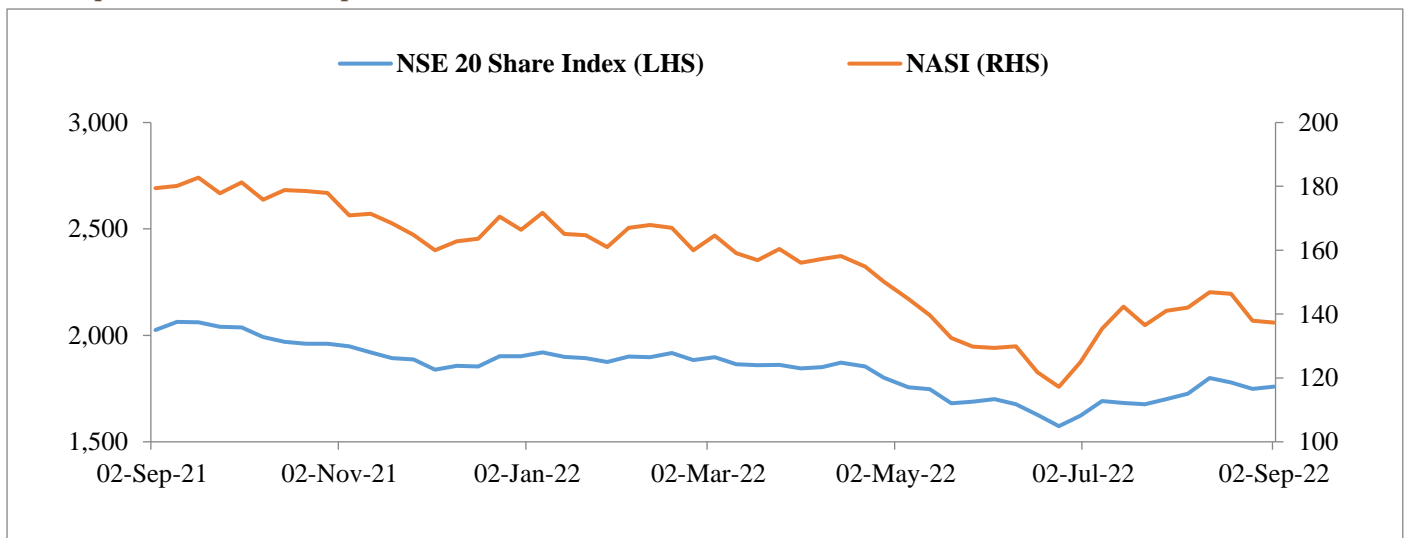
Source: CBK

Equity market trading commentary

After a three-week decline, market turnover rebounded 139.9% w/w to stand at USD 15.2m (KES 1.8bn). Sustaining a 3-wweek losing streak, the NASI inched down 0.4% w/w to 137.37, hitting a 7-weeks low while the NSE 20 edged up 0.6% w/w to 1,758.91. Foreign investors remained net sellers at USD 6.0m (KES 722.6m) – the highest in the last six weeks. Foreign trading resurged to 51.8%, up from 40.3% the prior week. Safaricom saw net foreign outflows throughout the week to end at USD 6.3m (KES 758.4m). On the other hand, Equity bank recorded the highest net foreign outflows of USD 0.6m (KES 75.5m).

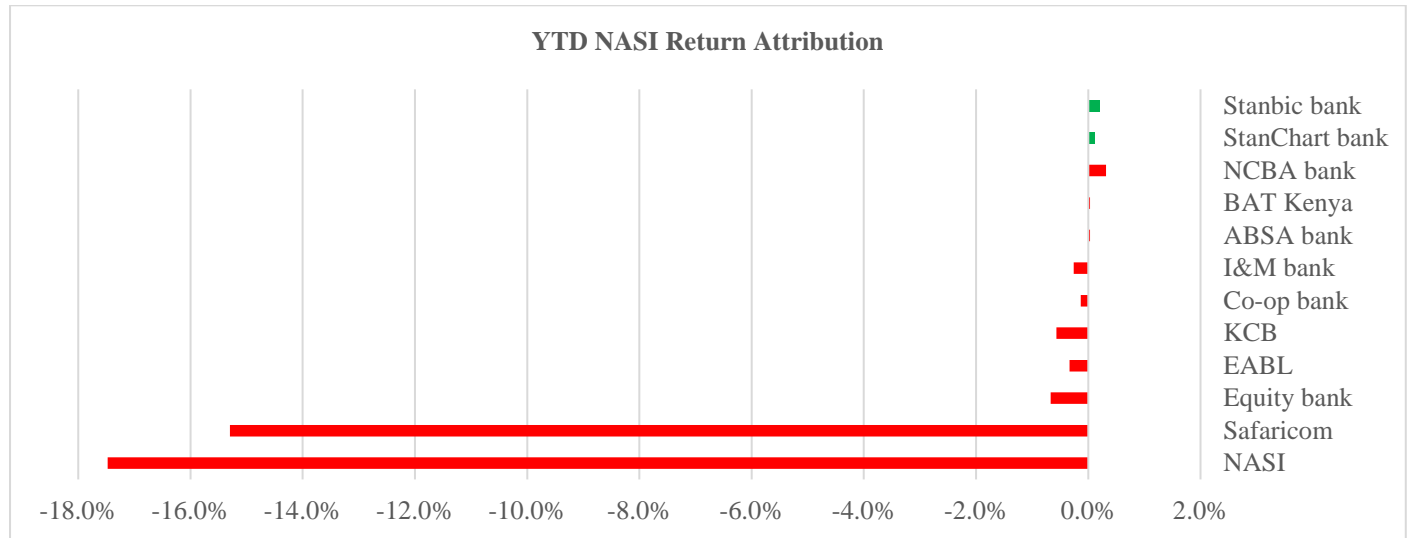
During the week, Safaricom declined for a 4-day declining streak, before ending higher in the last day of trading as foreign consistently sold out of the stock. Safaricom marked a 38-day low. On account of local selling, Centum Investment hit a 22-day low. Similarly, KCB bank touched a 19-day low driven by local investors’ sell-off. On the other hand, NCBA bank rose to an 18-day high on the back of local demand.

Market performance over the past 12 months



Source: NSE

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



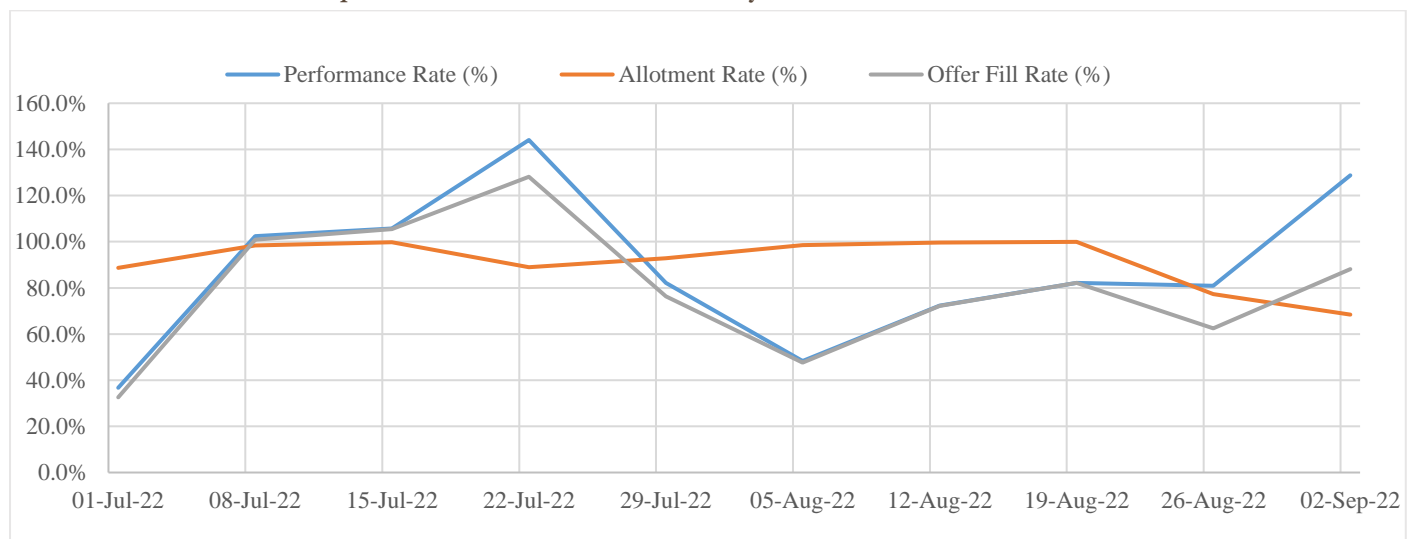
Source: Kestrel Research

Debt market trading commentary

Overall subscription rate increased to 128.8%, up from 80.9% registered the previous week. The yield on the 91-day T-Bill edged upwards for the fourteenth consecutive week. Activity on the 182-day T-Bill rebounded, but the 364-day T-Bill remained subdued for the sixth successive week.

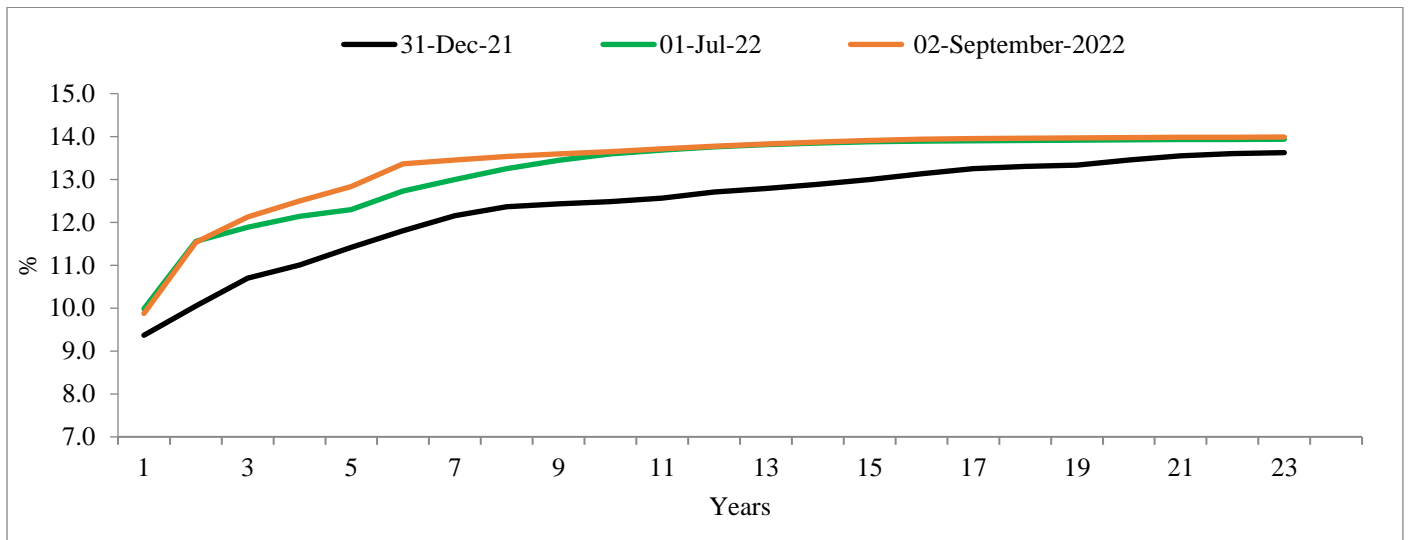
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 16.3bn for the 91-Day T-Bill, implying a subscription rate of 211.0%. It accepted bids worth KES 8.4bn at an average yield of 8.860% (+9.3bps w/w). The 182-Day T-Bill received bids worth KES 11.2bn, implying a performance rate of 92.93%. It accepted bids worth KES 9.3bn at an average yield of 9.876% (+4.4bps w/w). The 364-Day T-Bill received bids worth KES 3.4bn, implying a performance rate of 34.12%. It accepted bids worth KES 3.4bn at an average yield of 9.876% (-3.4bps w/w).

T-Bills Performance: Overall performance rate decreased modestly week-on-week



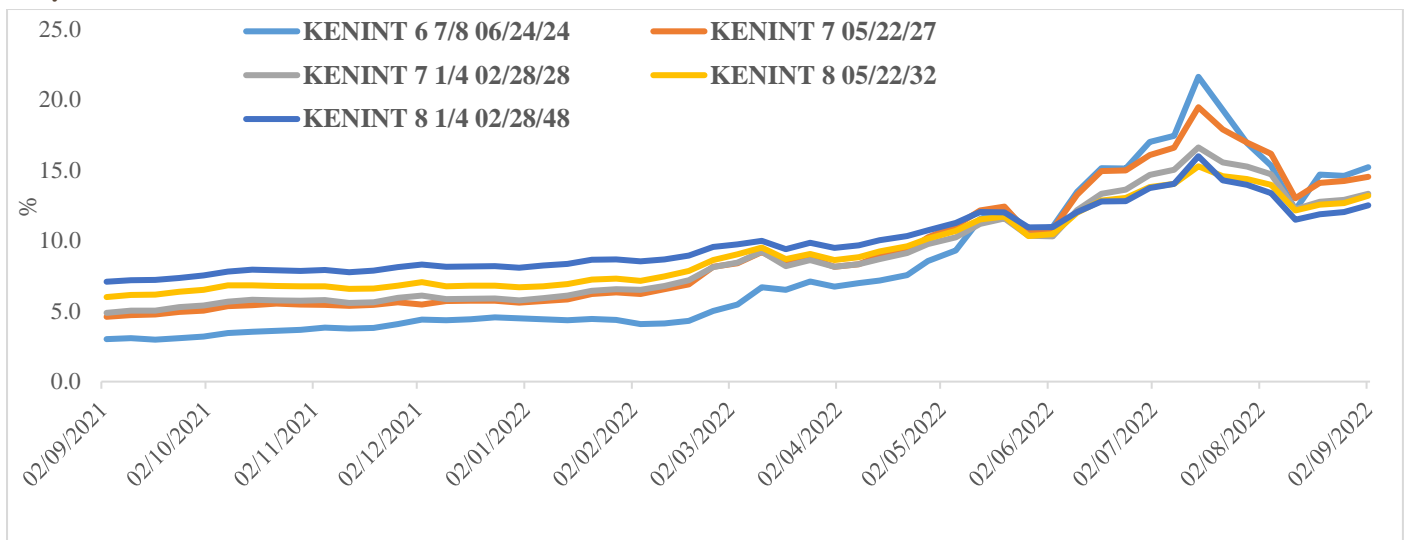
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors increase for the second successive 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	43.60	23.10	28.05	-26.1	9,356	52.0%	1.74	1.39	3.5	16.1	5.0	8.1	49.9	1,588,743
Equity Bank	Banking	Dec	53.50	39.00	48.15	-8.7	1,513	8.4%	12.02	3.00	38.1	4.0	6.2	1.3	31.6	532,148
KCB Bank	Banking	Dec	48.55	35.00	40.85	-10.1	1,093	6.1%	11.92	3.00	55.7	3.4	7.3	0.7	21.4	288,791
EA Breweries	Breweries	Jun	176.00	110.00	154.00	-6.7	1,014	5.6%	15.00	11.00	20.5	10.3	7.1	7.5	73.2	225,679
Co-op Bank	Banking	Dec	13.55	10.70	12.35	-4.6	603	3.4%	3.52	1.00	16.5	3.5	8.1	0.7	21.3	27,203
Absa Bank	Banking	Dec	12.70	9.70	12.00	1.3	543	3.0%	2.15	1.10	10.9	5.6	9.2	1.1	19.7	13,713
StanChart Bank	Banking	Dec	146.25	123.75	136.50	6.4	429	2.4%	24.92	19.00	147.2	5.5	13.9	0.9	16.9	57,188
NCBA Bank	Banking	Dec	30.20	23.00	30.20	19.8	414	2.3%	8.10	4.25	48.7	3.7	14.1	0.6	16.6	34,190
BAT Kenya	Tobacco	Dec	509.00	404.00	449.75	1.9	374	2.1%	67.10	55.00	129.1	6.7	12.2	3.5	52.0	35,841
Stanbic Bank	Banking	Dec	108.00	86.00	100.00	14.6	329	1.8%	18.81	7.30	122.8	5.3	7.3	0.8	15.3	1,859
Bank of Kigali	Banking	Dec	39.95	24.30	32.55	12.2	243	1.4%	7.95	3.28	41.8	4.1	10.1	0.8	19.0	1,587
I&M Holdings	Banking	Dec	23.00	16.50	17.00	-19.4	234	1.3%	5.38	1.50	42.6	3.2	8.8	0.4	12.6	23,299
KenGen	Power	Jun	4.98	3.38	3.71	-11.5	204	1.1%	0.16	0.18	32.4	23.3	4.9	0.1	0.5	11,729
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	181	1.0%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	368.75	240.25	240.25	-24.2	145	0.8%	94.22	14.00	544.4	2.5	5.8	0.4	17.3	5,010
Britam	Insurance	Dec	8.34	5.44	6.48	-13.6	136	0.8%	0.03	-	7.5	226.7	-	0.9	0.4	3,869
Total Oil	Oil	Dec	25.85	21.75	23.30	-6.8	122	0.7%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	756
DTB Bank	Banking	Dec	65.25	48.40	50.00	-16.0	116	0.6%	16.32	3.00	246.4	3.1	6.0	0.2	6.6	17,837
Bamburi Cement	Cement	Dec	39.80	32.15	34.25	-9.9	103	0.6%	2.15	3.58	0.1	15.9	10.5	417.1	2,618.6	3,870
Umeme Ltd.	Power	Dec	8.30	5.50	7.52	11.6	102	0.6%	2.74	1.73	17.6	2.7	23.0	0.4	15.6	2,930
Kakuzi	Agric	Dec	441.25	367.50	399.00	3.6	65	0.4%	39.24	18.00	278.0	10.2	4.5	1.4	14.1	24,461
Centum Investment	Finance	Mar	17.85	8.00	9.50	-32.6	53	0.3%	(2.01)	0.59	65.1	-	6.2	0.1	(3.1)	13,579
Crown Paints	Manufac.	Dec	44.00	26.80	43.60	43.0	52	0.3%	5.13	4.00	24.1	8.5	9.2	1.8	21.3	544
Kenya Re	Insurance	Dec	2.60	1.94	2.10	-8.7	49	0.3%	1.17	0.10	13.4	1.8	4.8	0.2	8.7	1,498
CIC Insurance	Insurance	Dec	2.99	1.87	2.04	-7.7	44	0.2%	0.30	-	3.0	6.8	-	0.7	9.9	2,139
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	22.15	18.4	42	0.2%	(1.48)	0.50	56.5	-	2.3	0.4	(2.6)	157
Liberty K. Holdings	Insurance	Dec	8.34	5.02	7.18	2.6	32	0.2%	0.15	-	15.9	47.0	-	0.5	1.0	64
Nation Media	Media	Dec	25.60	16.20	18.05	-2.2	29	0.2%	2.59	1.49	42.1	7.0	8.2	0.4	6.2	4,141
Carbacid	Gases	July	13.25	10.35	12.40	12.7	26	0.1%	2.22	0.70	13.5	5.6	5.6	0.9	16.4	1,345
TPSEA Serena	Tourism	Dec	17.50	11.50	16.45	7.9	25	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	722
Kenya Power	Power	Jun	2.02	1.31	1.49	-14.9	24	0.1%	2.65	-	29.3	0.6	-	0.1	9.0	11,636
Unga Ltd	Food	Jun	36.25	27.00	34.75	25.7	22	0.1%	2.89	-	56.2	12.0	-	0.6	5.1	325
NSE	Finance	Dec	9.98	6.60	8.02	0.2	17	0.1%	0.51	1.40	8.0	15.7	17.5	1.0	6.4	1,574
Car & Gen	Motors	Sept	76.00	30.00	45.00	32.5	15	0.1%	26.33	3.20	135.8	1.7	7.1	0.3	19.4	269
WPP Scangroup	Media	Dec	5.74	2.86	3.74	-9.7	13	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	597
BOC Kenya	Gases	Dec	93.25	64.50	80.00	14.3	13	0.1%	4.78	6.70	84.3	16.7	8.4	0.9	5.7	481
Sanlam Kenya	Insurance	Dec	15.00	9.70	10.55	-8.7	13	0.1%	(3.77)	-	3.9	-	-	2.7	(97.1)	64
Housing Finance	Banking	Dec	4.90	2.86	3.52	-9.7	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,421
Limuru Tea	Agric	Dec	510.00	297.00	510.00	59.4	10	0.1%	(0.50)	0.70	75.9	-	0.1	6.7	(0.7)	291
Standard Newspapers	Media	Dec	18.65	11.55	13.30	-1.8	9	0.1%	(0.90)	-	10.5	-	-	1.3	(8.5)	54
Longhorn	Publishing	Jun	4.4	2.74	3.55	-11.3	8	0.0%	0.62	-	2.8	5.8	-	1.3	22.2	736
EA Portland	Cement	Jun	9.40	6.06	8.40	26.1	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	42
TransCentury	Finance	Dec	1.47	1.00	1.22	4.3	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	59
											Average	12.9	6.3	7.4	53.4	2,957,065

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