

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	25.25	39.4%	BUY
Equity bank	70.69	45.10	56.7%	BUY
KCB bank	68.17	36.75	85.5%	BUY
Co-op bank	19.83	11.85	67.3%	BUY
ABSA bank	14.44	11.70	23.4%	BUY
StanChart bank	122.25	137.00	-10.8%	HOLD
NCBA bank	43.98	31.70	38.7%	BUY
I&M bank	32.61	17.15	90.1%	BUY
Stanbic bank	109.98	100.00	10.0%	HOLD
DTB bank	130.90	48.50	169.9%	BUY
EABL	223.42	157.50	41.9%	BUY
Bamburi Cement	60.07	34.00	76.7%	BUY
BAT Kenya	549.38	425.00	29.3%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom sustained a 4-days rising streak to hit a 17-day high driven by local demand. On account of foreign demand, ABSA bank reached a 34-day high. On the back of foreign selling, EABL touched an 18-day low and KCB bank marked a 13-day low.

Debt market commentary and outlook

- Overall subscription rate surged to 204.5%, up from 173.5% posted the previous week, hitting a 28-months high. Investors were active on the 91-day T-Bill - its yield notched upwards for the twenty-fourth straight week and its activity touched a 10-weeks high.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,666.5	-0.5%	-2.0%	-3.5%	-4.6%	-13.2%	-12.4%
Kenya NASI Return	128.1	0.4%	-1.4%	-9.8%	-8.3%	-25.3%	-23.1%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	-4.4%	-18.3%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	-8.4%	-25.6%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-0.3%	-1.9%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.2%	-2.1%	-14.6%	-12.6%	-31.4%	-28.7%
Johannesburg Index	9.5%	17.9%	-3.1%	0.9%	-7.5%	-8.6%
Nigeria Stock Exchange	-0.8%	-8.2%	-14.2%	-22.3%	-5.8%	-1.5%
Ghana Stock Exchange	-3.2%	-24.2%	-38.1%	-49.8%	-65.3%	-62.6%
Egyptian Stock Exchange	3.8%	-3.8%	-7.5%	-17.3%	-34.5%	-36.6%
MSCI EFM ex SA Index	0.0%	0.0%	0.0%	0.0%	-1.9%	-1.4%

Other market statistics

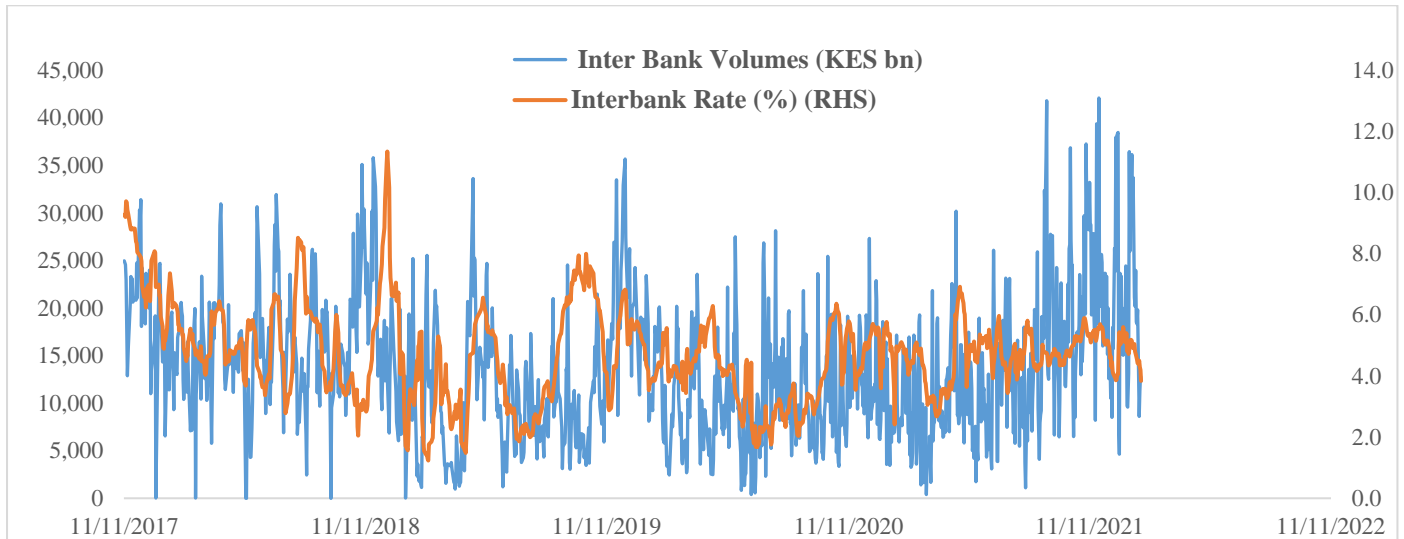
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	121.9	-0.2%	-0.7%	-2.1%	-4.5%	-8.1%	-7.1%
USD/ZAR	17.2	3.9%	5.7%	-5.7%	-6.2%	-11.3%	-7.5%
USD/EGP	24.4	-0.5%	-19.4%	-21.5%	-24.9%	-35.6%	-35.5%
USD/NGN	443.4	-0.1%	-0.7%	-3.5%	-6.2%	-6.7%	-4.3%
USD/GHS	14.5	-3.0%	-23.9%	-37.3%	-47.5%	-57.9%	-57.2%

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	486.3	-79.7	75.6%	1.8%	-33.5%	-37.7%	9.3%
BAT Kenya	258.3	-19.6	93.8%	-0.6%	-3.7%	-16.5%	5.2%
KCB bank	130.1	-45.0	63.5%	-1.1%	-19.1%	-21.8%	5.0%
EABL	125.7	-114.5	46.3%	-4.3%	-4.5%	-7.8%	43.2%
Equity bank	80.4	-14.6	77.2%	-1.3%	-14.5%	-15.7%	15.6%

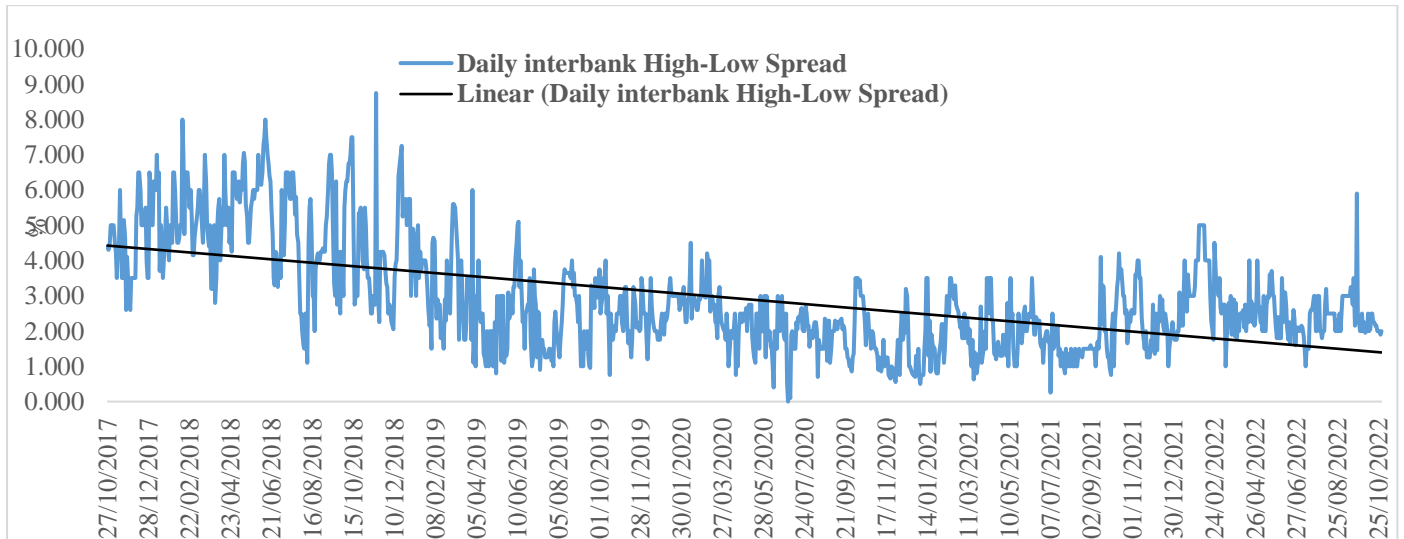
Key Rates and Spreads

Inter-bank rate touches a 3-year low



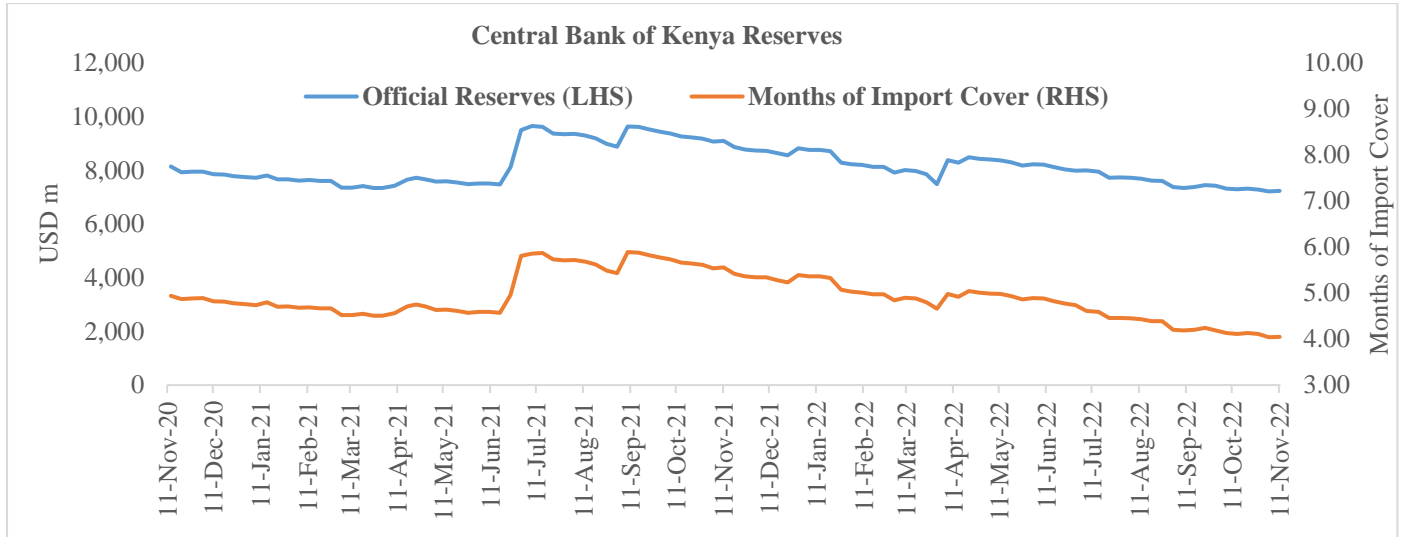
Source: CBK

Inter-bank spreads widen for the second successive week to a 2-months high



Source: CBK

CBK forex reserves and months of import cover increases week-on-week from a 7-year low



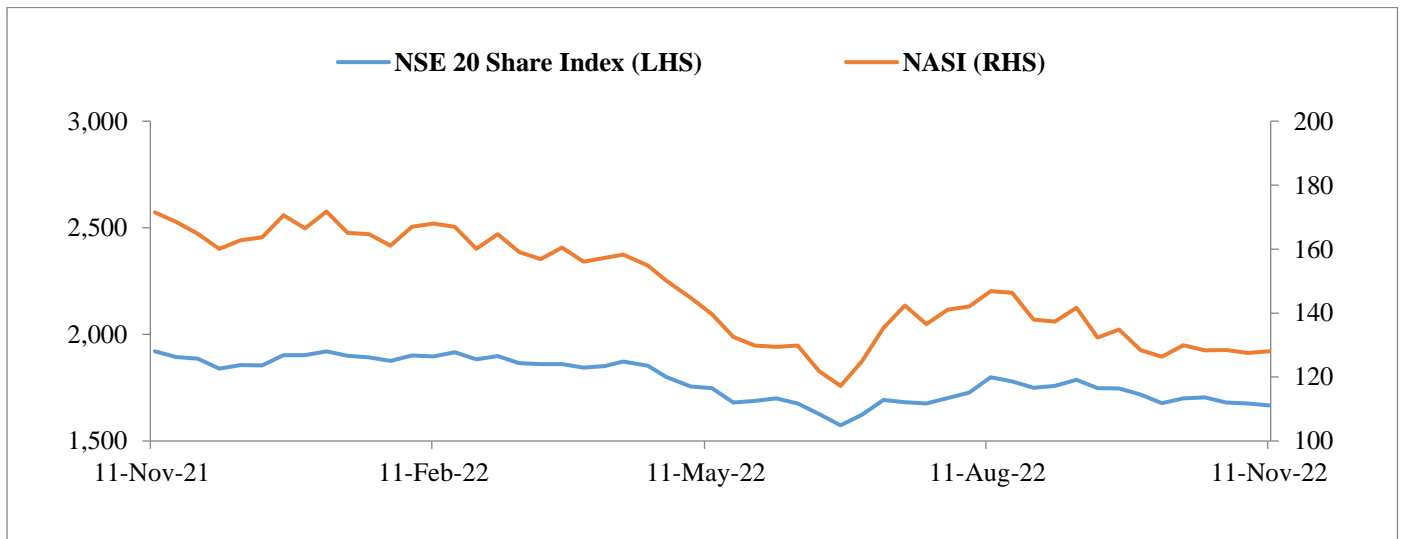
Source: CBK

Equity market trading commentary

Equity turnover grew by 6.4% w/w to end at USD 9.7m (KES 1.2bn). Reversing part of prior week’s loss, the NASI gained 0.4% w/w to 128.09 while the NSE 20 (-0.5% w/w) sustained a 3-weeks losing streak to settle at 1,666.47. Foreign investors emerged as net sellers at USD 2.2m (KES 271.0m). Foreign investors drove trading at 73.1% of total turnover, up from 72.1% recorded the previous week. EABL (USD 0.9m, KES 114.5m), Safaricom (USD 0.7m, KES 79.7m) and KCB bank (USD 0.4m, KES 45.0m) registered the highest net foreign outflows. On the other hand, ABSA bank posted the highest net foreign inflows at USD 0.1m (KES 12.6m).

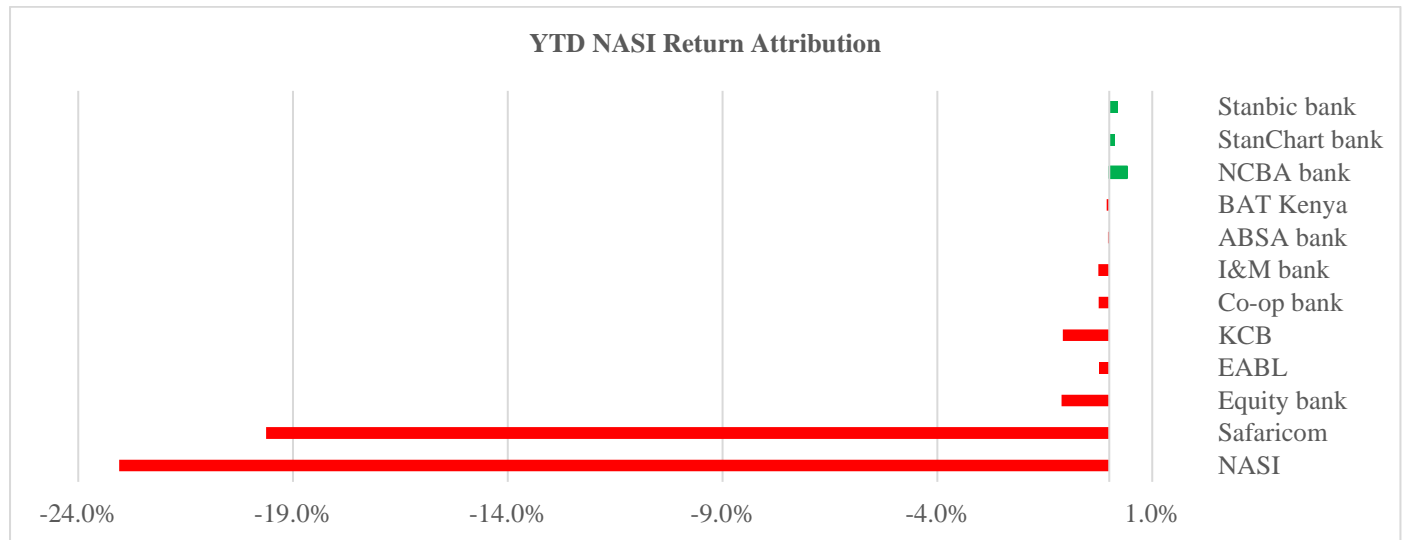
During the week, Safaricom rallied a 4-days rising streak to hit a 17-day high driven by local demand. On account of foreign demand, ABSA bank reached a 34-day high. On the back of foreign selling, EABL touched an 18-day low and KCB bank marked a 13-day low.

Market performance over the past 12 months



Source: NSE

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



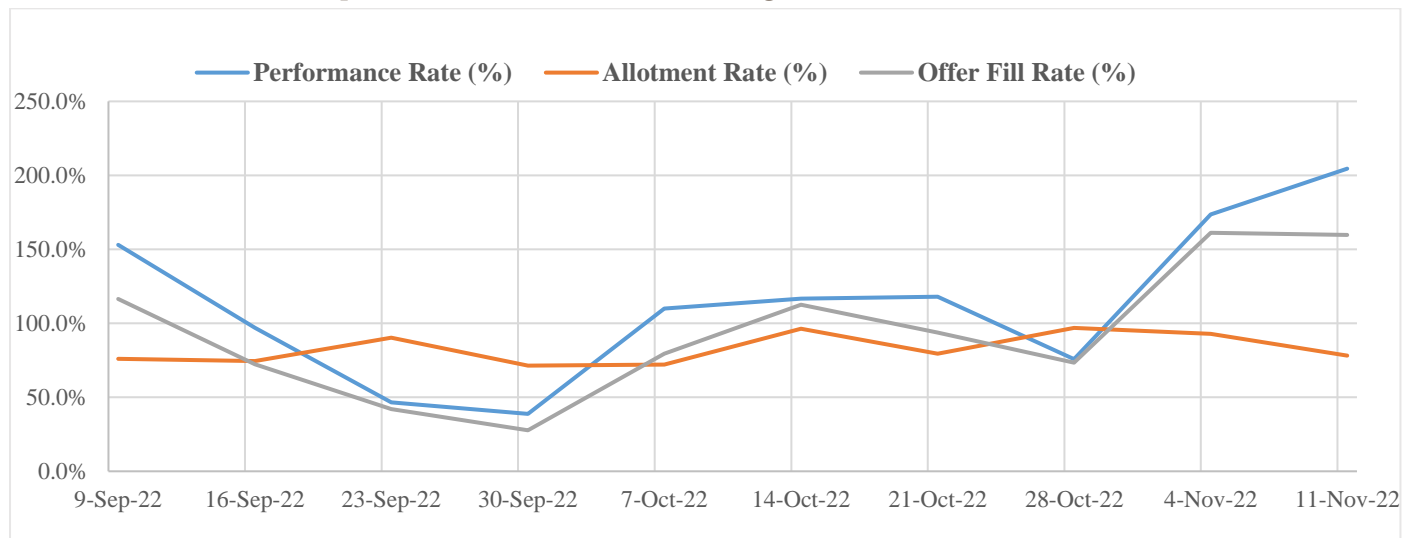
Source: Kestrel Research

Debt market trading commentary

Overall subscription rate surged to 204.5%, up from 173.5% posted the previous week, hitting a 28-months high. Investors were active on the 91-day T-Bill - its yield notched upwards for the twenty-fourth straight week and its activity touched a 10-weeks high. Yields on both the 182-day T-Bill and 364-day T-Bill edged upwards for the fifth successive week.

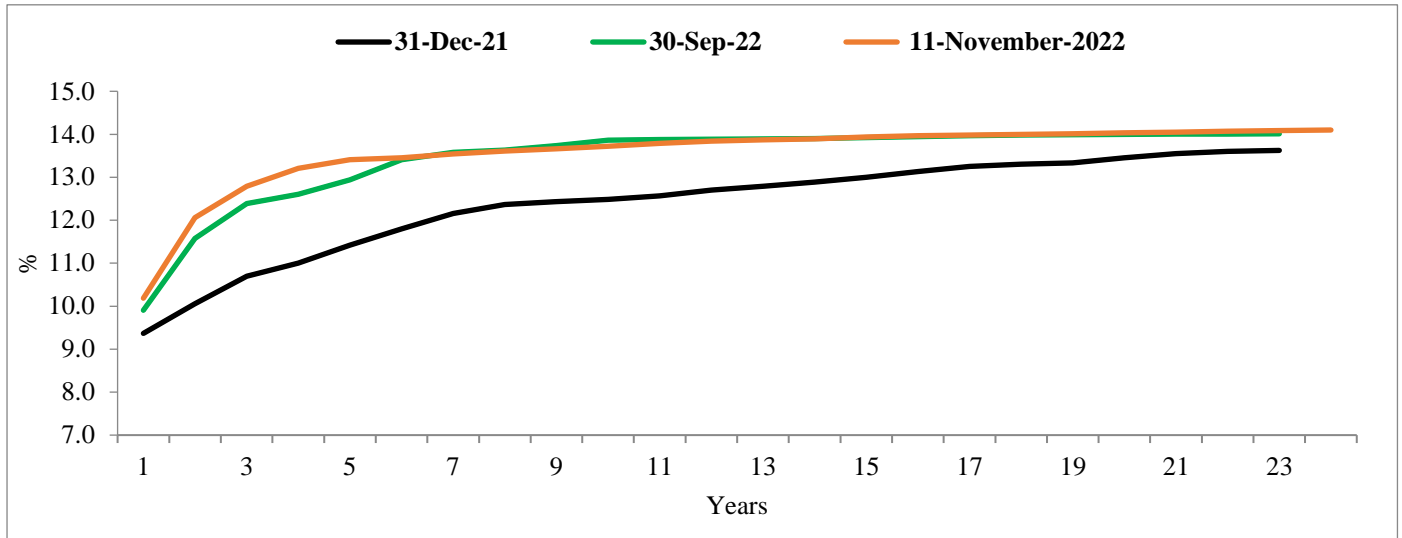
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 26.5bn for the 91-Day T-Bill, implying a subscription rate of 662.83%. It accepted bids worth KES 18.6bn at an average yield of 9.173% (+3.4bps w/w). The 182-Day T-Bill received bids worth KES 13.9bn, implying a performance rate of 138.92%. It accepted bids worth KES 11.0bn at an average yield of 9.706% (+1.5bps w/w). The 364-Day T-Bill received bids worth KES 8.7bn, implying a performance rate of 86.83%. It accepted bids worth KES 8.7bn at an average yield of 10.186% (+7.7w/w).

T-Bills Performance: Overall performance rate hits a 28-months high



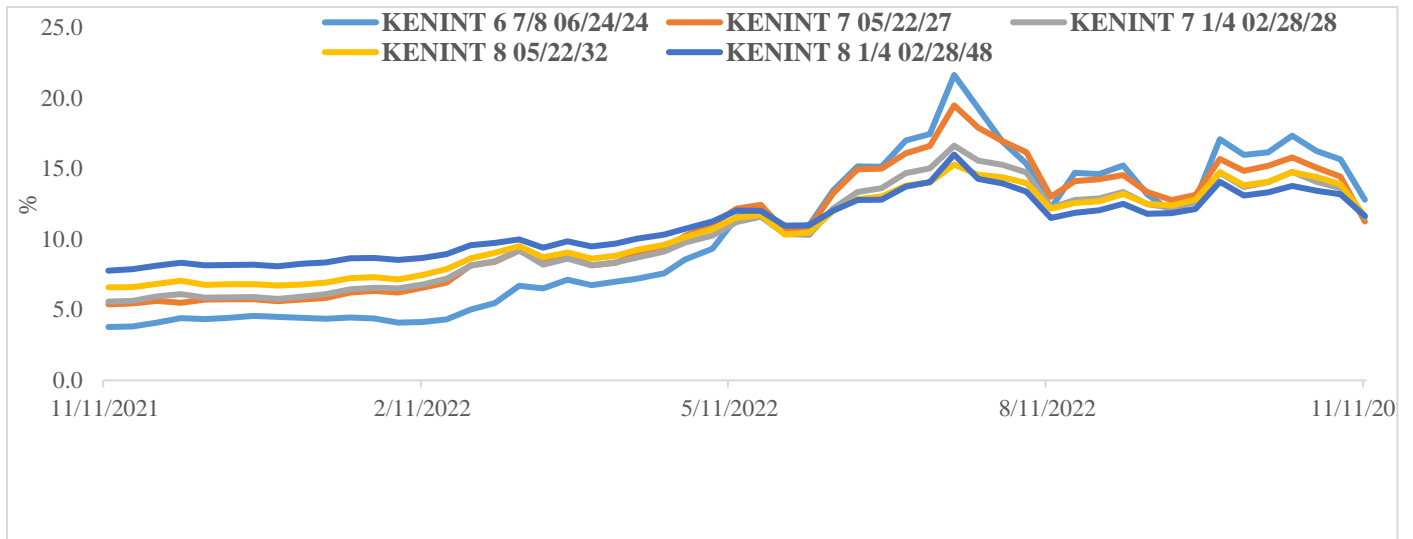
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors fall for the third week in a row



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market ¹	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
Safaricom	Telecom	Mar	40.50	23.10	25.25	-33.5	8,307	50.4%	1.74	1.39	3.5	14.5	5.5	7.3	49.9	1,187,150
Equity Bank	Banking	Dec	53.50	39.00	45.10	-14.5	1,398	8.5%	12.02	3.00	38.1	3.8	6.7	1.2	31.6	328,079
EA Breweries	Breweries	Jun	170.75	110.00	157.50	-4.5	1,023	6.2%	15.00	11.00	20.5	10.5	7.0	7.7	73.2	172,458
KCB Bank	Banking	Dec	47.00	35.00	36.75	-19.1	970	5.9%	11.92	3.00	55.7	3.1	8.2	0.7	21.4	220,640
Co-op Bank	Banking	Dec	13.30	10.70	11.85	-8.5	571	3.5%	3.52	1.00	16.5	3.4	8.4	0.7	21.3	30,700
Absa Bank	Banking	Dec	12.70	9.70	11.70	-1.3	522	3.2%	2.15	1.10	10.9	5.4	9.4	1.1	19.7	19,749
NCBA Bank	Banking	Dec	33.20	23.00	31.70	25.8	429	2.6%	8.10	4.25	48.7	3.9	13.4	0.7	16.6	131,630
StanChart Bank	Banking	Dec	146.25	123.75	137.00	6.8	425	2.6%	24.92	19.00	147.2	5.5	13.9	0.9	16.9	21,731
BAT Kenya	Tobacco	Dec	509.00	404.00	425.00	-3.7	349	2.1%	67.10	55.00	129.1	6.3	12.9	3.3	52.0	95,964
Stanbic Bank	Banking	Dec	108.00	86.75	100.00	14.6	325	2.0%	18.81	7.30	122.8	5.3	7.3	0.8	15.3	8,011
I&M Holdings	Banking	Dec	21.95	16.50	17.15	-18.7	233	1.4%	5.38	1.50	42.6	3.2	8.7	0.4	12.6	22,600
Bank of Kigali	Banking	Dec	32.75	24.30	29.50	1.7	217	1.3%	7.95	3.28	41.8	3.7	11.1	0.7	19.0	761
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	179	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.60	3.27	3.29	-21.5	178	1.1%	0.16	0.18	32.4	20.7	5.5	0.1	0.5	12,571
Jubilee Insurance	Insurance	Dec	349.00	210.00	210.00	-33.7	125	0.8%	94.22	14.00	544.4	2.2	6.7	0.4	17.3	4,496
Total Oil	Oil	Dec	25.85	21.75	23.20	-7.2	120	0.7%	4.35	1.31	45.4	5.3	5.6	0.5	9.6	1,290
Britam	Insurance	Dec	7.68	5.44	5.72	-23.7	119	0.7%	0.03	-	7.5	200.1	-	0.8	0.4	2,094
DTB Bank	Banking	Dec	60.00	47.75	48.50	-18.5	111	0.7%	16.32	3.00	246.4	3.0	6.2	0.2	6.6	10,816
Bamburi Cement	Cement	Dec	39.00	32.10	34.00	-10.5	101	0.6%	2.15	3.58	0.1	15.8	10.5	414.1	2,618.6	7,117
Umeme Ltd.	Power	Dec	8.30	5.50	7.00	3.9	93	0.6%	2.74	1.73	17.6	2.6	24.7	0.4	15.6	2,205
Kakuzi	Agric	Dec	441.25	367.50	420.00	9.1	68	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	794
Crown Paints	Manufac.	Dec	44.00	30.50	39.85	30.7	47	0.3%	5.13	4.00	24.1	7.8	10.0	1.7	21.3	428
Centum Investment	Finance	Mar	15.95	8.00	8.42	-40.3	46	0.3%	(2.01)	0.59	65.1	-	7.0	0.1	(3.1)	10,384
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.37	1.82	1.87	-18.7	43	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	2,125
CIC Insurance	Insurance	Dec	2.41	1.83	1.95	-11.8	42	0.3%	0.30	-	3.0	6.5	-	0.6	9.9	1,898
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	20.50	9.6	38	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	448
Carbacid	Gases	July	14.15	10.35	13.80	25.5	29	0.2%	2.22	0.70	13.5	6.2	5.1	1.0	16.4	5,006
Kenya Power	Power	Jun	2.08	1.31	1.65	-5.7	26	0.2%	1.80	-	30.8	0.9	-	0.1	5.8	13,930
Nation Media	Media	Dec	23.20	15.70	16.70	-9.5	26	0.2%	2.59	1.49	42.1	6.4	8.9	0.4	6.2	3,653
Liberty K. Holdings	Insurance	Dec	7.60	4.98	4.98	-28.9	22	0.1%	0.15	-	15.9	32.6	-	0.3	1.0	184
TPSEA Serena	Tourism	Dec	17.50	11.50	13.60	-10.8	20	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	730
Unga Ltd	Food	Jun	36.25	27.00	29.00	4.9	18	0.1%	2.48	-	58.3	11.7	-	0.5	4.2	341
NSE	Finance	Dec	8.70	6.60	7.28	-9.0	16	0.1%	0.51	1.40	8.0	14.3	19.2	0.9	6.4	2,269
Car & Gen	Motors	Sept	76.00	30.00	39.00	14.9	13	0.1%	26.33	3.20	135.8	1.5	8.2	0.3	19.4	374
BOC Kenya	Gases	Dec	93.25	67.25	80.00	14.3	13	0.1%	4.78	6.70	84.3	16.7	8.4	0.9	5.7	607
WPP Scangroup	Media	Dec	4.57	2.86	3.02	-27.1	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	656
Sanlam Kenya	Insurance	Dec	15.00	8.50	8.72	-24.5	10	0.1%	(3.77)	-	3.9	-	-	2.2	(97.1)	184
Housing Finance	Banking	Dec	4.90	2.86	3.07	-21.3	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,101
Limuru Tea	Agric	Dec	510.00	297.00	420.00	31.3	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	2,384
Longhorn	Publishing	Jun	4.4	-	3.46	-13.5	8	0.0%	0.62	-	2.8	5.6	-	1.2	22.2	1,249
Standard Newspapers	Media	Dec	16.15	10.10	11.00	-18.8	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	82
EA Portland	Cement	Jun	8.80	6.06	7.50	12.6	6	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	38
TransCentury	Finance	Dec	1.47	1.00	1.19	1.7	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	104
Safaricom	Telecom	Mar	40.50	23.10	25.25	-33.5	8,307	50.4%	1.74	1.39	3.5	14.5	5.5	7.3	49.9	1,187,150
											Average	11.6	6.8	7.1	54.2	2,335,597

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Kestrel Capital E.A. Ltd.

Orbit Place, 1st Floor
Westlands Road

Tel: +254 20 2251758

research@kestrelcapital.com
www.kestrelcapital.com

Bloomberg: KEST <GO>

Equity Sales & Trading

Sally Kotut
sallyk@kestrelcapital.com

Chris Miriti
chrism@kestrelcapital.com

Amanda Onyango
amandao@kestrelcapital.com

Research

Ephantus Maina
ephanusm@kestrelcapital.com

Fixed Income Sales & Trading

Alexander Muiruri
alexanderm@kestrelcapital.com

Edwin Muthaura
edwinm@kestrelcapital.com

CEO & Executive Director

Francis Mwangi, CFA
francism@kestrelcapital.com