

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	15.10	106.0%	BUY
Equity bank	58.81	38.45	53.0%	BUY
KCB bank	62.39	23.45	166.1%	BUY
Co-op bank	18.13	11.85	53.0%	BUY
ABSA bank	12.32	11.75	4.9%	HOLD
StanChart bank	108.61	160.00	-32.1%	SELL
NCBA bank	38.68	40.00	-3.3%	HOLD
I&M bank	30.56	18.05	69.3%	BUY
Stanbic bank	89.16	111.00	-19.7%	SELL
DTB bank	122.70	48.45	153.3%	BUY
EABL	164.58	135.50	21.5%	BUY
Bamburi Cement	51.96	24.60	111.2%	BUY
BAT Kenya	544.27	420.00	29.6%	BUY

*Fair values under review

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom hit a 50-day low on account of foreign sell-off. Equity bank traded down to a 2-month on account of foreign selling. FAHARI I-REIT touched a 3.6 year high driven by local demand.

Debt market commentary and outlook

- Overall subscription rates increased to 96.6%, up from 95.8% last week. Demand was strong sound on the 91-Day T-Bill but was comparably subdued on the 182-Day T-Bill and 364-Day T-Bill, for the sixth consecutive week. The yield on the 91-Day T-Bill edged upwards for the eighteenth straight week; the yield on the 182-Day T-Bill rose for the second successive week while the yield on the 364-Day T-Bill notched downwards week-on-week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,538.6	1.1%	-3.5%	3.4%	-5.8%	-12.5%	-8.2%
Kenya NASI Return	98.1	-1.2%	-7.6%	0.2%	-22.2%	-28.6%	-23.0%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-2.4%	-9.9%	-12.2%	-32.4%	-41.8%	-35.3%
Johannesburg Index	0.2%	-5.0%	0.6%	-7.9%	2.0%	-7.4%
Nigeria Stock Exchange	4.6%	4.6%	-25.7%	-26.0%	-23.5%	-19.8%
Ghana Stock Exchange	-0.8%	-4.5%	18.7%	41.2%	6.3%	10.8%
Egyptian Stock Exchange	3.6%	8.3%	7.7%	11.5%	18.2%	3.6%
MSCI EFM ex SA Index	2.3%	-0.4%	-1.4%	-3.0%	-5.1%	-2.1%

Other market statistics

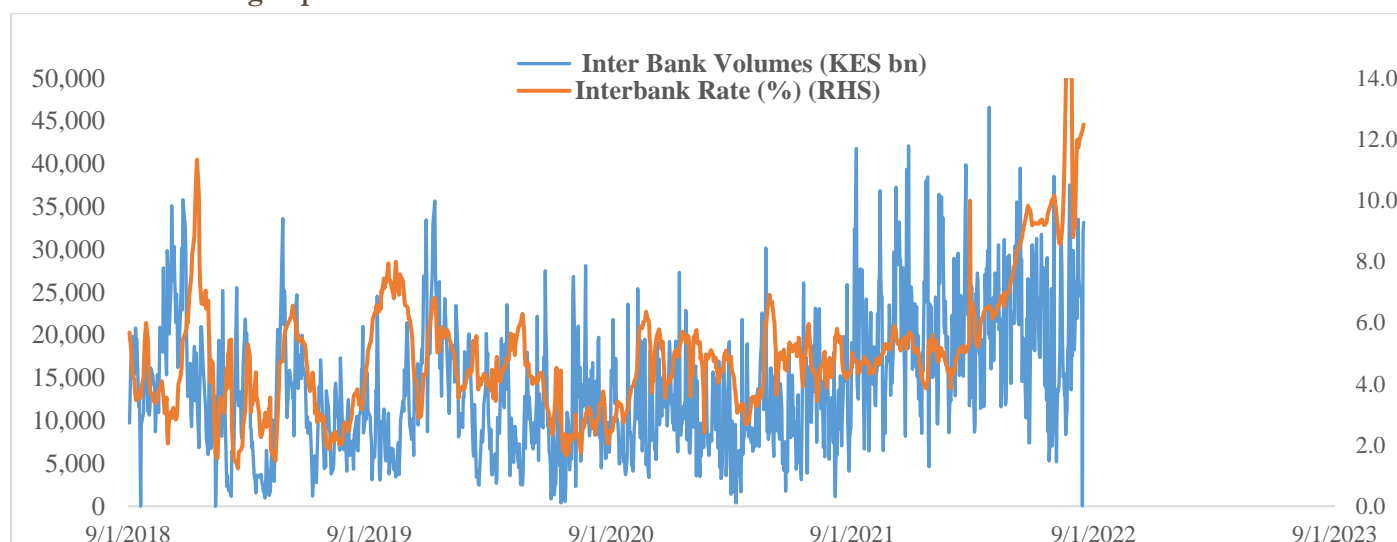
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	145.7	-0.5%	-1.8%	-4.8%	-12.4%	-17.5%	-15.3%
USD/ZAR	18.8	-1.1%	-2.0%	3.6%	-3.7%	-8.2%	-9.6%
USD/EGP	30.9	0.0%	0.1%	0.0%	-0.4%	-37.8%	-19.9%
USD/NGN	757.4	2.1%	1.0%	-38.6%	-39.1%	-43.3%	-39.2%
USD/GHS	11.4	-0.2%	-1.8%	-2.2%	10.5%	-12.8%	-10.9%

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
Britam Insurance	925.6	0.0	0.0%	6.4%	2.3%	-23.3%	31.4%
Safaricom	233.0	-100.0	64.8%	-2.6%	-37.5%	-51.4%	16.2%
FAHARI I-REIT	213.4	-83.0	24.8%	49.5%	38.0%	-6.1%	62.5%
Equity bank	122.1	-39.6	55.5%	-2.7%	-13.6%	-23.1%	7.4%
KCB bank	83.9	-4.6	41.5%	-1.5%	-38.5%	-45.1%	0.0%

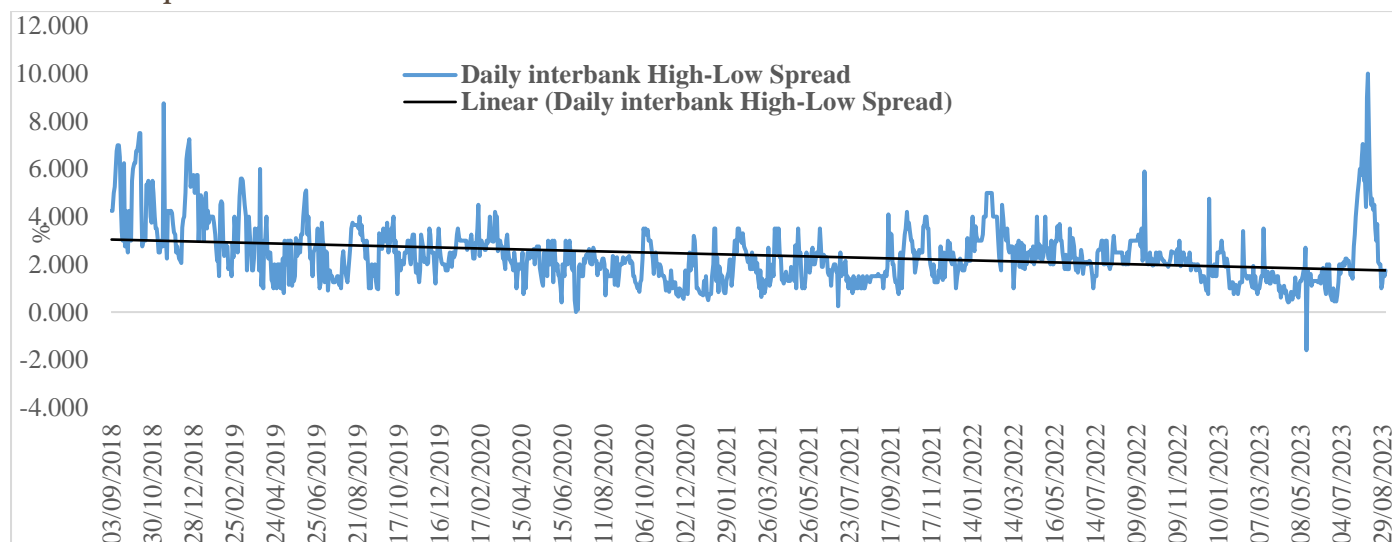
Key Rates and Spreads

Inter-bank rates edge upwards for the third week in a row



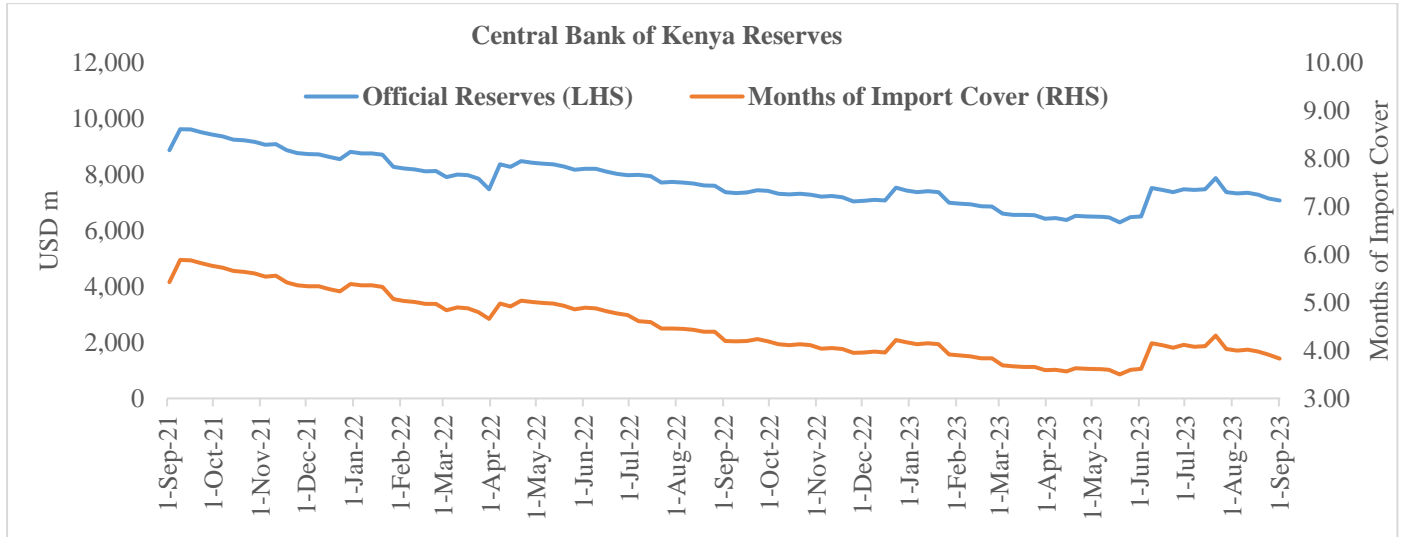
Source: CBK

Inter-bank spreads narrow for the fourth consecutive week



Source: CBK

Months of import cover & CBK FX reserves decline for the third successive week



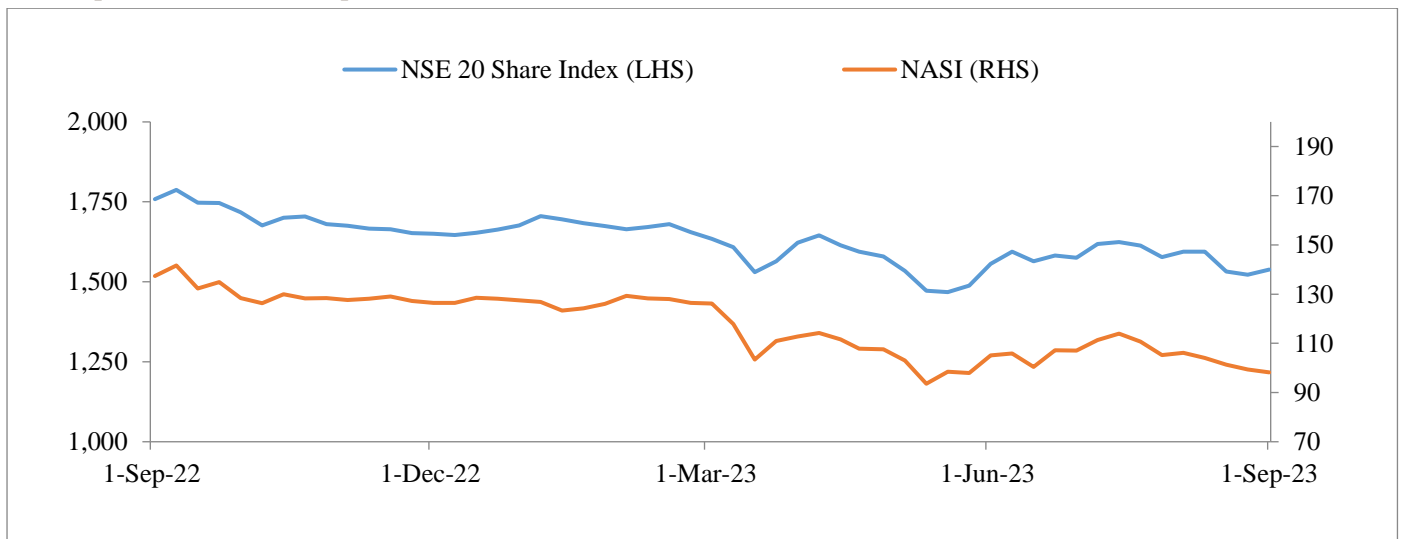
Source: CBK

Equity market trading commentary

Market turnover surged by 284.4% w/w to settle at USD 12.1m (KES 1.8bn) driven by local trading on Britam Insurance. For the fourth successive week, the NASI came off 1.2% w/w to close at 98.14 and the NSE 20 notched down 1.1% w/w to end at 1,538.64. Foreign investors emerged as net sellers at USD 1.6m (KES 226.8m) after net inflows in the last four weeks. Local investors remained active at 80.4% of total turnover, up from 68.4% registered the previous week. Safaricom (USD 0.7m, KES 100.0m) and FAHARI I-REIT (USD 0.6m, KES 83.0m) saw the highest net foreign outflows while BAT Kenya posted the highest net foreign inflows.

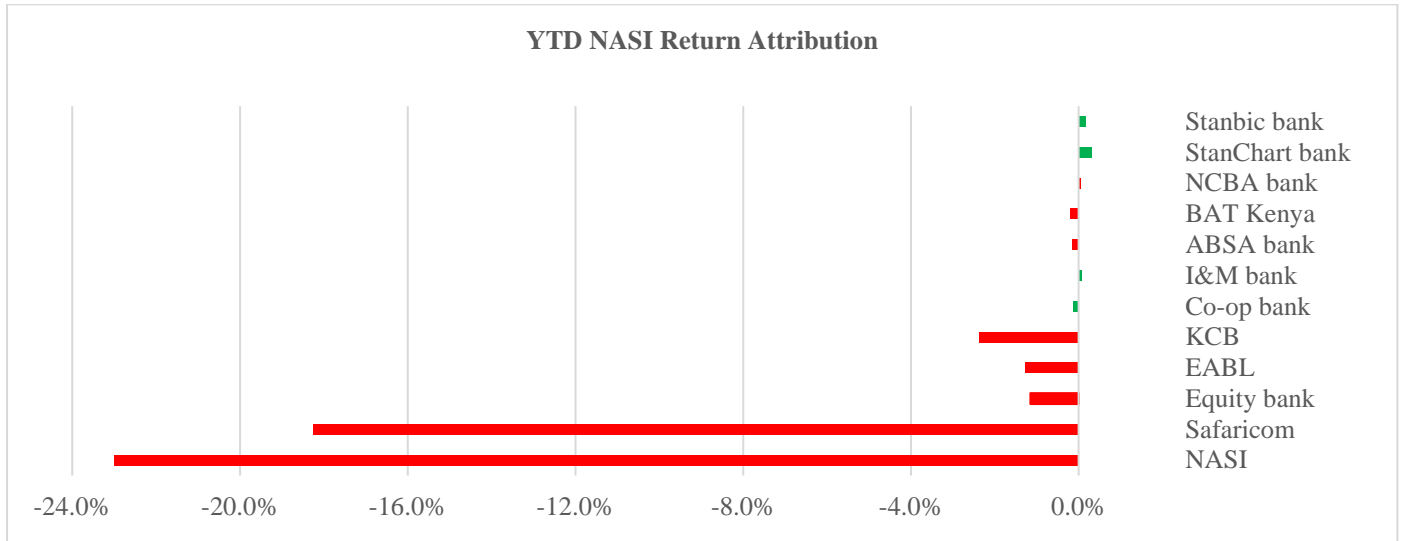
During the week, Safaricom hit a 50-day low on account of foreign sell-off. Equity bank traded down to a 2-month on account of foreign selling. FAHARI I-REIT touched a 3.6 year high driven by local demand.

Market performance over the past 12 months



Source: NSE

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



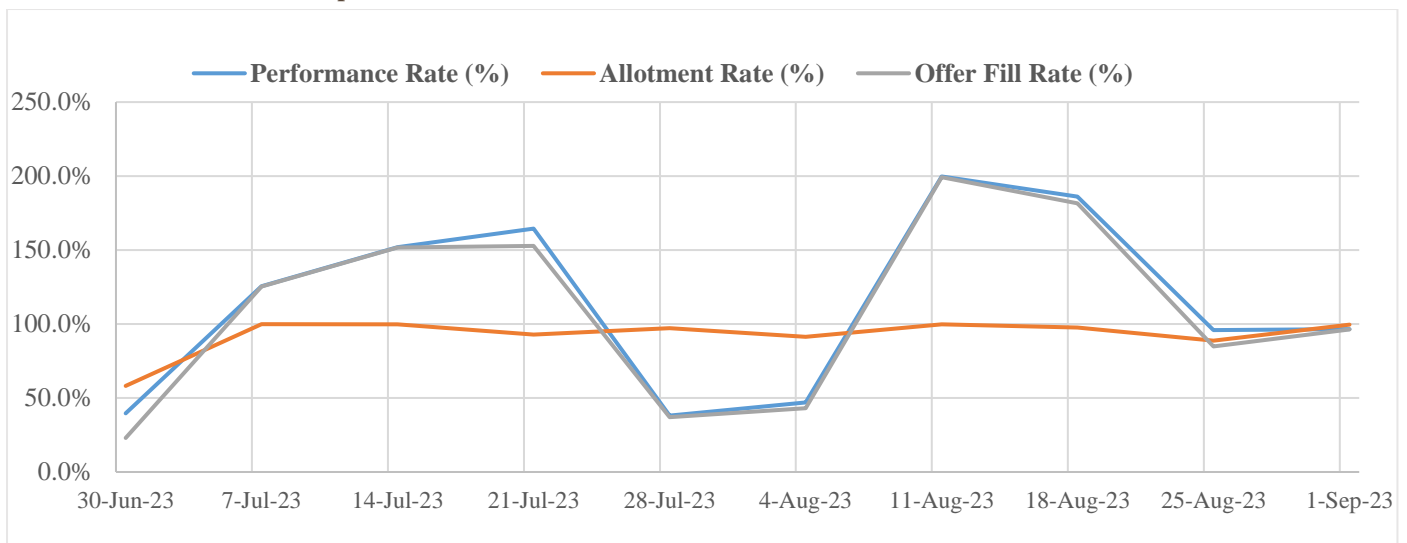
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates increased to 96.6%, up from 95.8% last week. Demand was strong sound on the 91-Day T-Bill but was comparably subdued on the 182-Day T-Bill and 364-Day T-Bill, for the sixth consecutive week. The yield on the 91-Day T-Bill edged upwards for the eighteenth straight week; the yield on the 182-Day T-Bill rose for the second successive week while the yield on the 364-Day T-Bill notched downwards week-on-week.

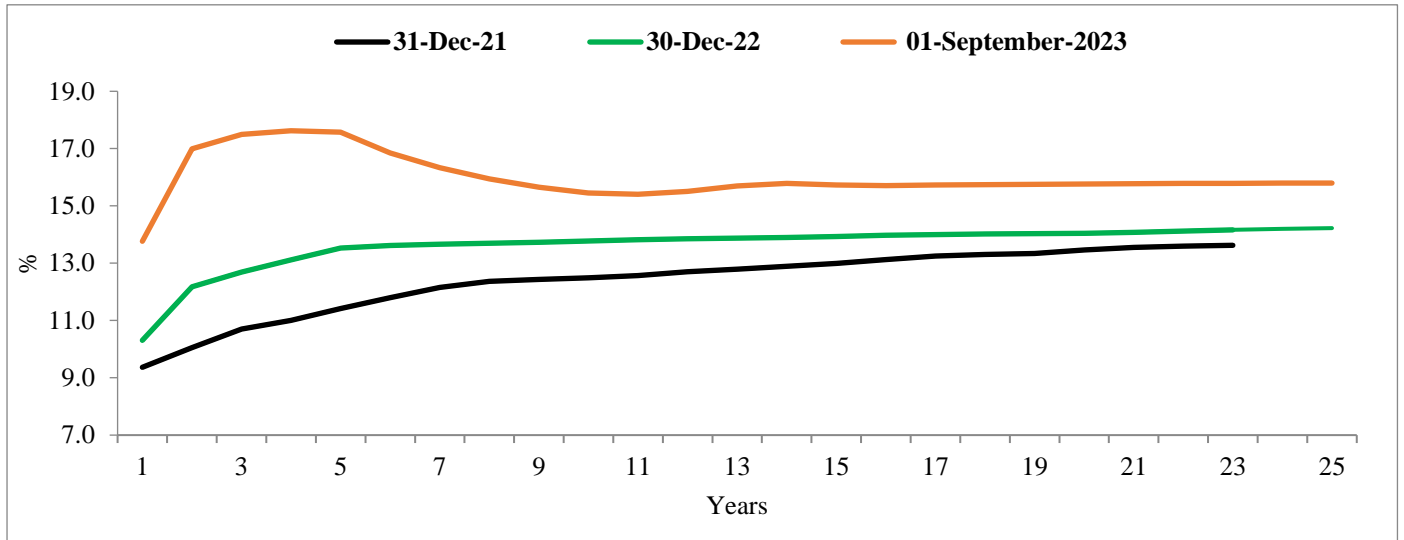
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 21.6bn for the 91-Day T-Bill, implying a subscription rate of 539.78%. It accepted bids worth KES 21.5bn at an average yield of 13.985% (+25.2bps w/w). The 182-Day T-Bill received bids worth KES 1.0bn, implying a performance rate of 9.61%. It accepted bids worth KES 1.0bn at an average yield of 13.939% (+44.8bps w/w). The 364-Day T-Bill received bids worth KES 0.6bn, implying a performance rate of 6.24%. It accepted bids worth KES 0.6bn at an average yield of 13.765% (-24.9bps w/w).

T-Bills Performance: Overall performance rates increase week-on-week



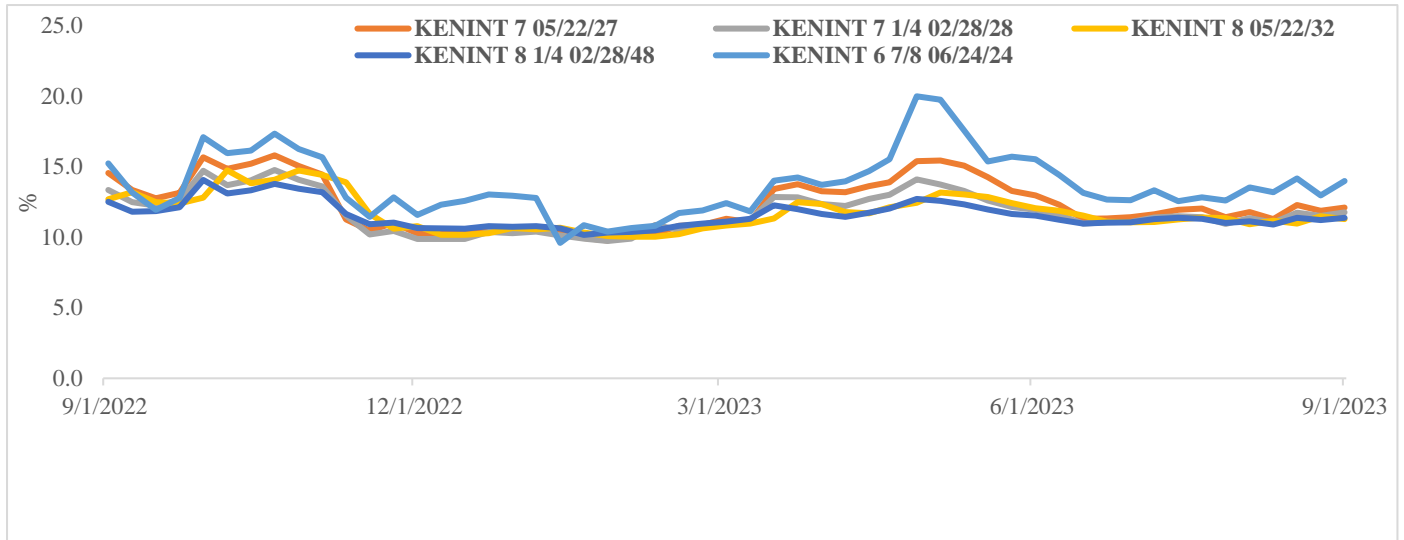
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenor edged upwards week-on-week



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	31.05	13.00	15.10	-37.5	4,176	39.3%	1.55	1.20	4.7	9.7	7.9	3.2	33.2	891,563	
Equity Bank	Banking	Dec	50.00	35.80	38.45	-13.6	1,002	9.4%	12.35	3.00	49.3	3.1	7.8	0.8	25.1	282,953	
EA Breweries	Breweries	Jun	187.00	125.00	135.50	-19.1	740	7.0%	12.47	5.50	27.1	10.9	4.1	5.0	46.1	92,902	
KCB Bank	Banking	Dec	42.75	23.45	23.45	-38.5	520	4.9%	11.42	2.00	65.7	2.1	8.5	0.4	17.4	118,599	
Co-op Bank	Banking	Dec	13.35	11.15	11.85	-3.7	480	4.5%	3.87	1.50	18.5	3.1	12.7	0.6	21.0	51,300	
NCBA Bank	Banking	Dec	41.70	29.60	40.00	1.7	455	4.3%	9.32	4.00	50.6	4.3	10.0	0.8	18.4	33,120	
Absa Bank	Banking	Dec	12.95	10.10	11.75	-4.5	441	4.1%	2.96	1.35	12.5	4.0	11.5	0.9	23.7	58,058	
StanChart Bank	Banking	Dec	171.00	134.75	160.00	12.1	417	3.9%	35.25	22.00	159.8	4.5	13.8	1.0	22.1	31,622	
Stanbic Bank	Banking	Dec	129.75	92.00	111.00	8.8	303	2.8%	28.62	13.75	0.2	3.9	12.4	686.2	17,692.5	39,504	
BAT Kenya	Tobacco	Dec	479.75	401.50	420.00	-8.7	290	2.7%	68.92	57.00	163.8	6.1	13.6	2.6	42.1	50,128	
Bank of Kigali	Banking	Dec	37.00	27.00	36.00	14.3	223	2.1%	7.66	3.28	43.7	4.7	9.1	0.8	17.5	11,576	
I&M Holdings	Banking	Dec	21.00	15.85	18.05	6.2	206	1.9%	5.47	2.25	47.7	3.3	12.5	0.4	11.5	9,411	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	150	1.4%	(2.79)	-	(14.7)	-	-	-	-	-	
Umeme Ltd.	Power	Dec	17.75	6.62	13.35	79.9	150	1.4%	3.03	2.12	20.7	4.4	15.9	0.6	14.7	4,878	
KenGen	Power	Jun	3.73	2.15	2.34	-27.3	107	1.0%	0.70	0.18	42.0	3.3	7.7	0.1	1.7	4,781	
DTB Bank	Banking	Dec	55.25	44.00	48.45	-3.1	94	0.9%	23.17	5.00	259.1	2.1	10.3	0.2	8.9	12,758	
Britam	Insurance	Dec	6.94	4.05	5.32	2.3	93	0.9%	0.53	-	9.2	10.0	-	0.6	5.7	76,914	
Jubilee Insurance	Insurance	Dec	250.75	148.25	176.00	-11.4	88	0.8%	68.38	14.00	613.8	2.6	8.0	0.3	11.1	5,548	
Total Oil	Oil	Dec	25.25	18.10	18.50	-22.4	80	0.8%	3.88	1.31	48.0	4.8	7.1	0.4	8.1	461	
Bamburi Cement	Cement	Dec	35.45	23.25	24.60	-21.9	62	0.6%	2.15	3.58	0.1	11.4	14.6	299.6	2,618.6	8,191	
Kakuzi	Agric	Dec	430.00	240.00	384.75	-0.1	52	0.5%	43.15	24.00	303.5	8.9	6.2	1.3	14.2	440	
Centum Investment	Finance	Mar	10.05	7.90	8.96	7.2	41	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	4,891	
Crown Paints	Manufac.	Dec	44.80	32.30	38.55	-7.9	38	0.4%	5.13	4.00	24.1	7.5	10.4	1.6	21.3	307	
Sasini Tea & Coffee	Agric	Sept	31.40	20.00	23.65	5.3	37	0.3%	3.82	1.00	61.7	6.2	4.2	0.4	6.2	771	
CIC Insurance	Insurance	Dec	2.21	1.68	2.06	5.6	37	0.3%	0.42	0.13	3.3	4.9	6.3	0.6	12.8	2,893	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	37	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Kenya Re	Insurance	Dec	2.17	1.54	1.80	-1.6	35	0.3%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	5,723	
Carbacid	Gases	July	17.00	11.40	15.05	25.4	26	0.2%	2.98	0.70	13.6	5.1	4.7	1.1	21.9	3,047	
Nation Media	Media	Dec	20.85	14.15	20.00	25.4	26	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	17,637	
Kenya Power	Power	Jun	2.08	1.38	1.50	-3.8	20	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	7,450	
TPSEA Serena	Tourism	Dec	17.00	-	11.50	-13.9	14	0.1%	(3.47)	-	33.3	-	-	0.3	(10.4)	812	
Liberty K. Holdings	Insurance	Dec	7.48	3.60	3.65	-34.8	13	0.1%	0.15	-	15.9	23.9	-	0.2	1.0	109	
Housing Finance	Banking	Dec	5.10	2.86	4.50	41.1	12	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,456	
Car & Gen	Motors	Sept	49.00	25.00	39.65	-16.4	11	0.1%	26.33	3.20	135.8	1.5	8.1	0.3	19.4	98	
NSE	Finance	Dec	8.02	5.62	5.86	-13.6	10	0.1%	0.05	0.20	7.1	110.8	3.4	0.8	0.7	2,844	
BOC Kenya	Gases	Dec	90.25	65.00	73.50	3.9	10	0.1%	7.58	5.95	85.1	9.7	8.1	0.9	8.9	76	
Unga Ltd	Food	Jun	34.75	15.00	16.95	-47.0	9	0.1%	2.48	-	58.3	6.8	-	0.3	4.2	73	
Sanlam Kenya	Insurance	Dec	11.70	7.02	8.00	-16.5	8	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	109	
WPP Scangroup	Media	Dec	3.77	2.57	2.61	-13.3	8	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	357	
Limuru Tea	Agric	Dec	510.00	397.75	397.75	-5.3	7	0.1%	4.73	2.50	80.9	84.1	0.6	4.9	5.8	1,463	
Longhorn	Publishing	Jun	4.07	2.01	2.62	-12.7	5	0.0%	0.62	-	2.8	4.3	-	0.9	22.2	198	
Standard Newspapers	Media	Dec	14.30	7.96	8.16	-21.9	5	0.0%	(10.05)	-	0.4	-	-	18.6	(2,284.0)	27	
EA Portland	Cement	Jun	8.40	5.32	6.22	-8.5	4	0.0%	6.02	-	239.8	1.0	-	0.0	2.5	35	
TransCentury	Finance	Dec	1.30	0.49	0.52	-44.1	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	106	
												Average	11.6	8.6	23.3	543.4	1,841,613

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