

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	24.50	27.0%	BUY
Equity bank	58.81	45.80	28.4%	BUY
KCB bank	62.39	38.20	63.3%	BUY
Co-op bank	18.13	12.45	45.6%	BUY
ABSA bank	12.32	12.40	-0.6%	HOLD
StanChart bank	108.61	158.00	-31.3%	SELL
NCBA bank	38.68	35.50	9.0%	HOLD
I&M bank	30.56	17.15	78.2%	BUY
Stanbic bank	89.16	110.75	-19.5%	SELL
DTB bank	122.70	49.90	145.9%	BUY
EABL	164.58	178.00	-7.5%	HOLD
Bamburi Cement	51.96	29.10	78.6%	BUY
BAT Kenya	544.27	445.00	22.3%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom finished at a 30-day day low as foreign investors' demand waned off, and ended the week as net sellers. On account of local investors' sell-off, Equity bank touched a 74-day low and KCB bank traded down to a 13-day low. Sustaining a 3-weeks winning streak, the NASI bounced 2.5% w/w to 129.24, registering the largest weekly jump in the last 17 weeks.

Debt market commentary and outlook

- For the third straight week, overall subscription rates increased to 208.9%, up from 142.9% marked the previous week – the highest levels since July 2020. Activity was largely driven by heightened demand on the 91-Day T-Bill as investors remained biased on the short-term tenors. However, acceptance rates dipped to a 36-weeks low at 64.7%, down from 93.6% the prior week. Yields across all tenors trended upwards for the fifth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,664.1	-0.6%	-2.4%	-1.0%	-3.6%	-12.5%	-0.7%
Kenya NASI Return	129.2	2.5%	1.9%	0.6%	-9.0%	-22.6%	1.4%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-19.6%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-24.6%	0.0%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	0.0%	-1.4%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	2.2%	0.9%	-1.3%	-13.1%	-31.7%	0.3%
Johannesburg Index	-2.3%	3.9%	19.0%	12.1%	-2.8%	7.2%
Nigeria Stock Exchange	3.1%	6.6%	17.7%	-1.5%	11.5%	5.8%
Ghana Stock Exchange	-2.9%	-19.3%	9.7%	-30.5%	-56.7%	-20.5%
Egyptian Stock Exchange	-4.4%	-9.0%	15.6%	2.4%	-29.9%	-9.0%
MSCI EFM ex SA Index	1.8%	1.7%	8.3%	-4.3%	-25.4%	0.5%

Other market statistics

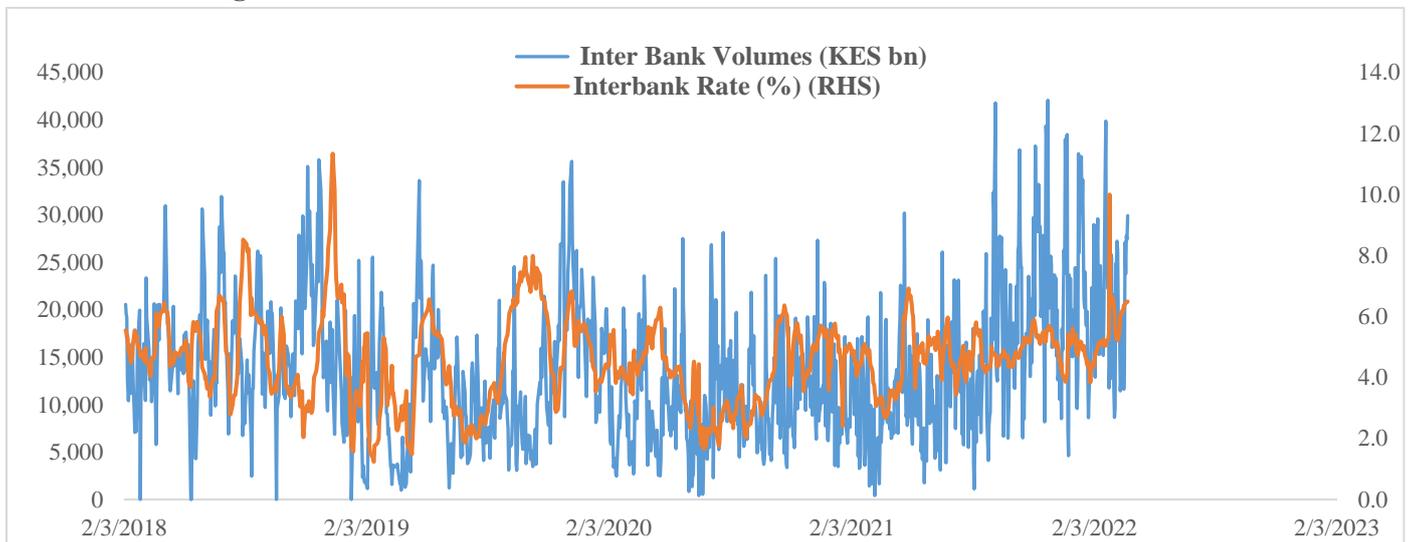
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	124.7	-0.3%	-0.9%	-2.5%	-4.5%	-9.2%	-1.0%
USD/ZAR	17.5	-1.6%	-1.4%	2.5%	-3.9%	-10.7%	-2.5%
USD/EGP	30.3	-1.3%	-10.2%	-19.9%	-36.8%	-48.1%	-18.2%
USD/NGN	460.9	0.1%	0.0%	-3.9%	-7.9%	-9.9%	0.0%
USD/GHS	12.2	1.1%	-15.8%	14.9%	-28.9%	-49.3%	-16.7%

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	332.8	122.3	72.2%	5.4%	1.4%	-37.0%	18.9%
BAT Kenya	135.8	-133.7	49.6%	-0.9%	-3.3%	-12.6%	10.1%
Equity bank	91.0	-0.7	44.9%	0.9%	2.9%	-14.4%	17.4%
KCB bank	87.0	-4.0	2.9%	-0.8%	0.3%	-18.7%	9.1%
StanChart Kenya	81.0	0.6	0.4%	0.6%	10.7%	-0.6%	27.7%

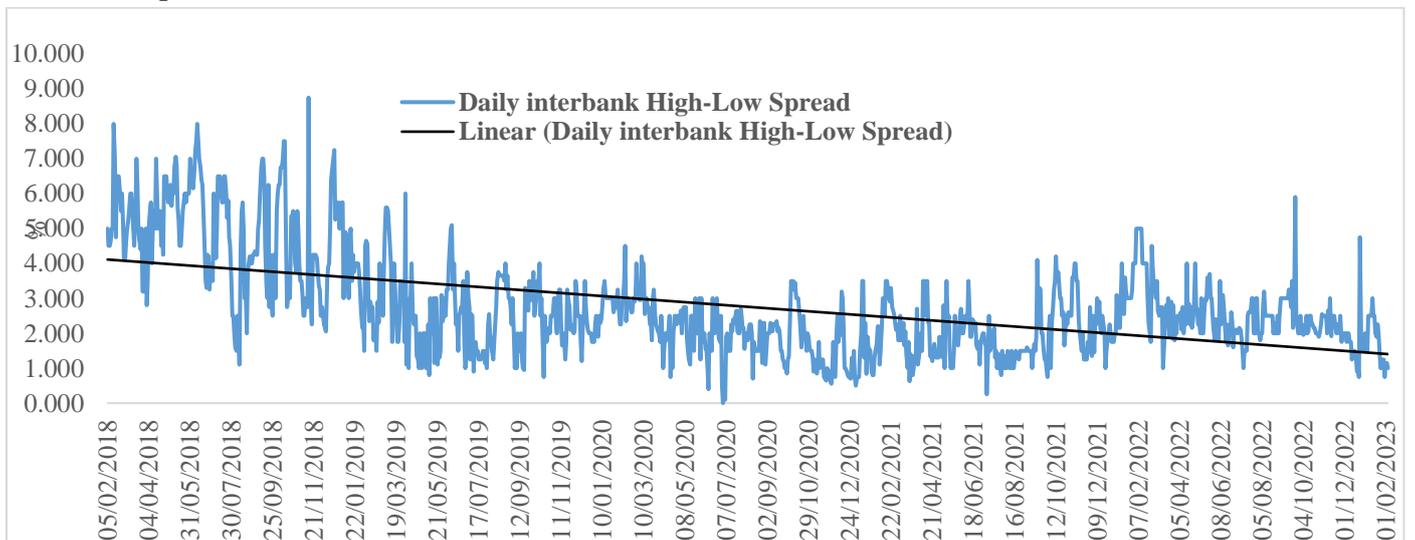
Key Rates and Spreads

Inter-bank rate edge downwards after two weeks of decline



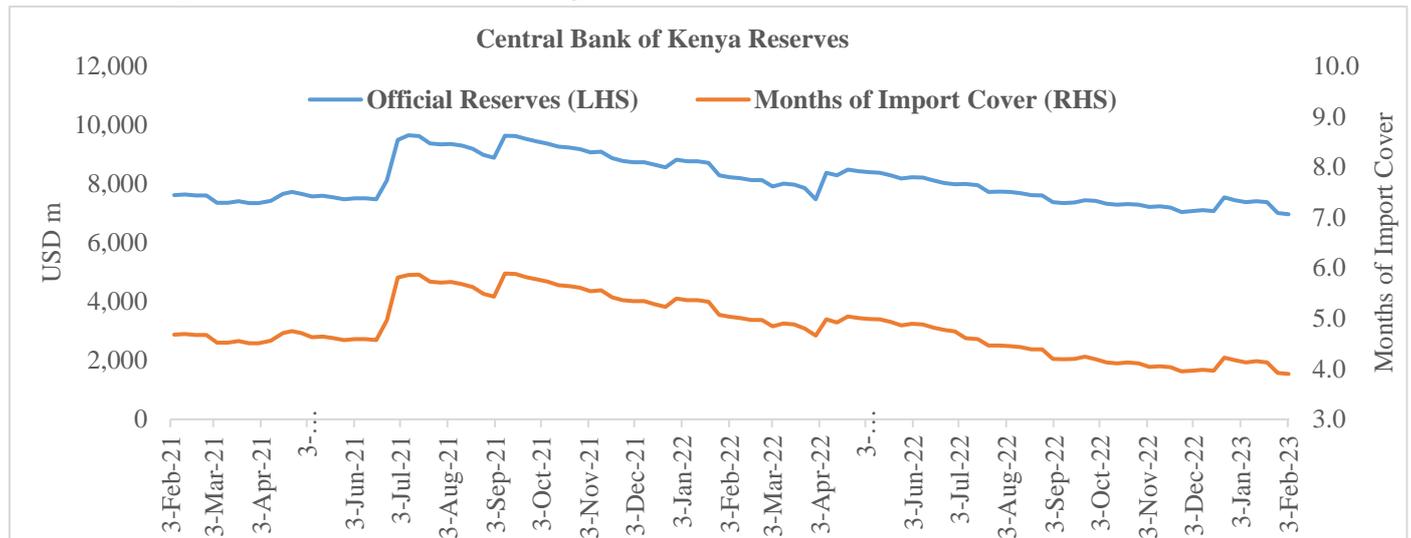
Source: CBK

Inter-bank spreads narrow for the third successive week



Source: CBK

Months of import cover fall for the third straight week, remains below the recommended 4.0x levels



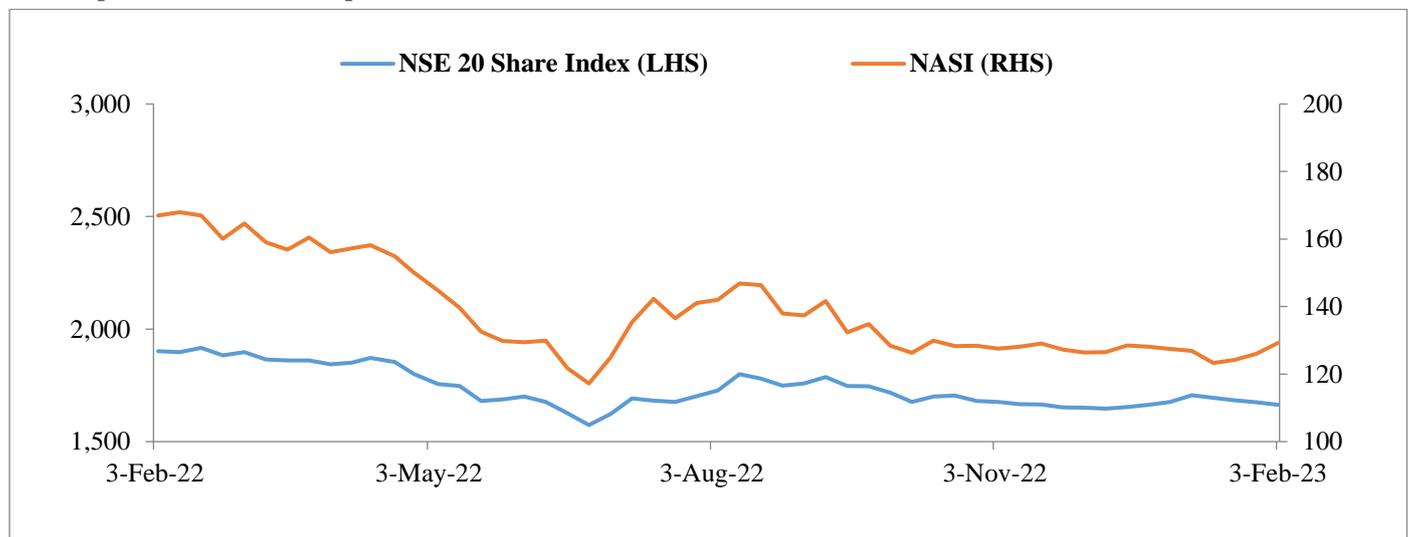
Source: CBK

Equity market trading commentary

For the second week in a row, equity turnover decreased by 18.8% w/w to end at USD 6.9m (KES 0.8bn). Sustaining a 3-weeks winning streak, the NASI bounced 2.5% w/w to 129.24, registering the largest weekly jump in the last 17 weeks. However, the NSE 20 notched down 0.6% w/w to end at 1,664.14 – the fourth week of losses. Foreign investors turned overall net sellers at USD 0.2m (KES 29.3m). For the second consecutive week, local investors drove market activity at the bourse at 57.6% of total turnover, albeit down from 78.4% printed the previous week. BAT Kenya posted the highest net foreign outflows at USD 1.1m (KES 133.7m) while Safaricom experienced the highest net foreign inflows at USD 1.0m (KES 122.3m).

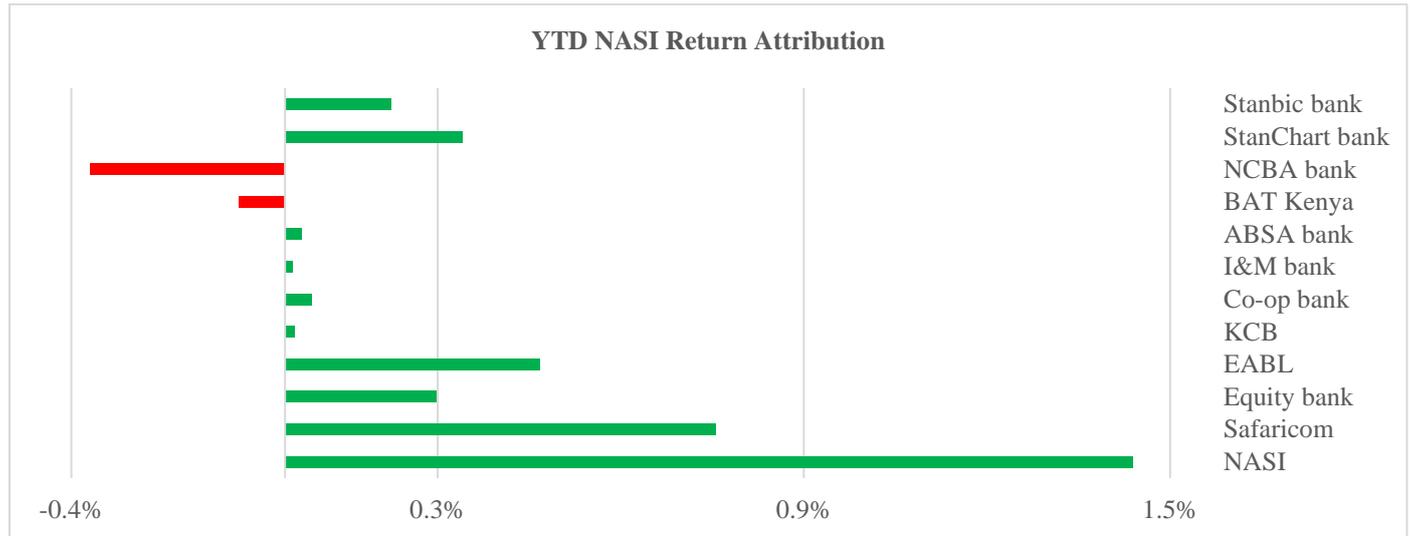
During the week, Safaricom finished at a 30-day day low as foreign demand waned off, and ended the week as net sellers. On account of local investors’ sell-off, Equity bank touched a 74-day low and KCB bank traded down to a 13-day low.

Market performance over the past 12 months



Source: NSE

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



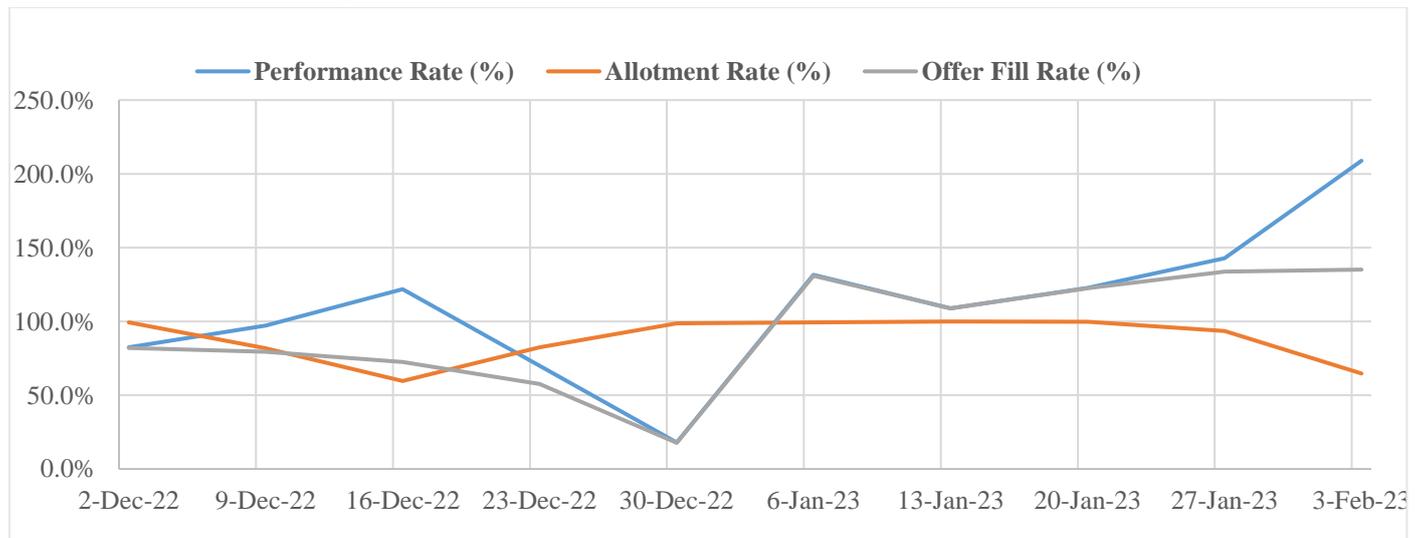
Source: Kestrel Research

Debt market trading commentary

For the third straight week, overall subscription rates increased to 208.9%, up from 142.9% marked the previous week – the highest levels since July 2020. Activity was largely driven by heightened demand on the 91-Day T-Bill as investors remained biased on the short-term tenors. However, acceptance rates dipped to a 36-weeks low at 64.7%, down from 93.6% the prior week. Yields across all tenors trended upwards for the fifth successive week.

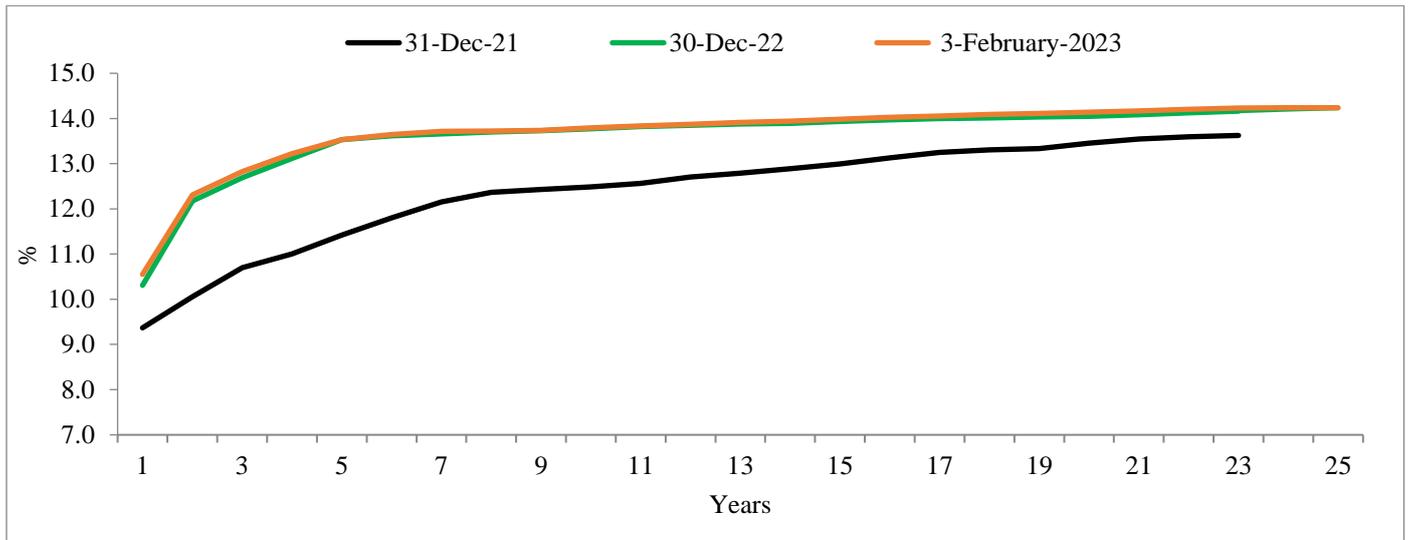
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 28.7bn for the 91-Day T-Bill, implying a subscription rate of 718.57%. It accepted bids worth KES 15.3bn at an average yield of 9.581% (+4.3bps w/w). The 182-Day T-Bill received bids worth KES 10.8bn, implying a performance rate of 108.49%. It accepted bids worth KES 6.6bn at an average yield of 9.997% (+4.3bps w/w). The 364-Day T-Bill received bids worth KES 10.5bn, implying a performance rate of 105.33%. It accepted bids worth KES 10.5bn at an average yield of 10.550% (+4.6bps w/w).

T-Bills Performance: Overall performance increased for the third consecutive week



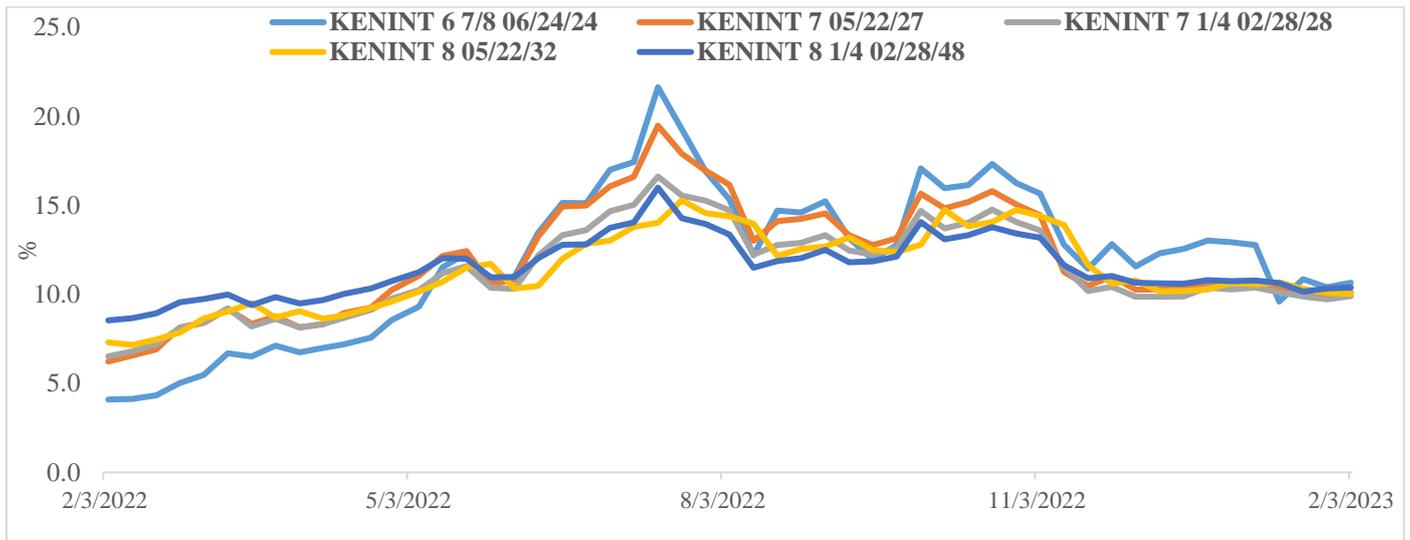
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors halt a 3-weeks declining trend



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	38.90	20.60	24.50	1.4	7,879	48.5%	1.74	1.39	3.5	14.1	5.7	7.0	49.9	1,129,257
Equity Bank	Banking	Dec	53.50	39.00	45.80	2.9	1,387	8.5%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	421,813
EA Breweries	Breweries	Jun	178.00	110.00	178.00	6.3	1,130	7.0%	15.00	11.00	20.5	11.9	6.2	8.7	73.2	195,335
KCB Bank	Banking	Dec	47.00	35.00	38.20	0.3	985	6.1%	12.25	3.00	58.4	3.1	7.9	0.7	21.0	151,878
Co-op Bank	Banking	Dec	13.30	10.70	12.45	1.2	586	3.6%	3.75	1.00	17.2	3.3	8.0	0.7	21.8	44,798
Absa Bank	Banking	Dec	12.70	9.70	12.40	0.8	541	3.3%	2.15	1.10	10.9	5.8	8.9	1.1	19.7	50,015
StanChart Bank	Banking	Dec	159.00	123.75	158.00	10.7	479	2.9%	30.18	13.00	146.8	5.2	8.2	1.1	20.6	52,301
NCBA Bank	Banking	Dec	40.00	23.00	35.50	-9.8	469	2.9%	10.02	4.25	49.1	3.5	12.0	0.7	20.4	18,961
BAT Kenya	Tobacco	Dec	509.00	404.00	445.00	-3.3	357	2.2%	67.10	55.00	129.1	6.6	12.4	3.4	52.0	152,211
Stanbic Bank	Banking	Dec	114.00	87.25	110.75	8.6	351	2.2%	22.99	7.30	127.4	4.8	6.6	0.9	18.0	9,788
Bank of Kigali	Banking	Dec	32.75	27.00	32.00	1.6	230	1.4%	7.95	3.28	41.8	4.0	10.3	0.8	19.0	693
I&M Holdings	Banking	Dec	21.50	16.50	17.15	0.9	228	1.4%	5.74	1.50	41.4	3.0	8.7	0.4	13.9	8,023
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	175	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.08	2.84	2.84	-11.8	150	0.9%	0.16	0.18	32.4	17.9	6.3	0.1	0.5	5,703
Umeme Ltd.	Power	Dec	9.58	5.50	9.58	29.1	125	0.8%	2.74	1.73	17.6	3.5	18.1	0.5	15.6	1,292
Total Oil	Oil	Dec	25.85	21.75	23.55	-1.3	119	0.7%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	328
DTB Bank	Banking	Dec	60.00	46.00	49.90	-0.2	112	0.7%	17.27	3.00	250.7	2.9	6.0	0.2	6.9	34,116
Jubilee Insurance	Insurance	Dec	304.25	185.75	185.75	-6.5	108	0.7%	94.22	14.00	544.4	2.0	7.5	0.3	17.3	5,395
Britam	Insurance	Dec	7.40	4.97	5.10	-1.9	103	0.6%	0.03	-	7.5	178.4	-	0.7	0.4	2,369
Bamburi Cement	Cement	Dec	39.00	29.00	29.10	-7.6	85	0.5%	2.15	3.58	0.1	13.5	12.3	354.4	2,618.6	1,667
Kakuzi	Agric	Dec	441.25	367.50	405.00	5.2	64	0.4%	39.24	18.00	278.0	10.3	4.4	1.5	14.1	378
Centum Investment	Finance	Mar	14.30	7.90	8.74	4.5	47	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	4,305
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	43	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	23.00	2.4	42	0.3%	5.11	1.00	56.5	4.5	4.3	0.4	9.1	1,004
CIC Insurance	Insurance	Dec	2.29	1.72	2.00	2.6	42	0.3%	0.30	-	3.0	6.7	-	0.7	9.9	1,666
Crown Paints	Manufac.	Dec	44.00	33.65	35.20	-15.9	40	0.2%	5.13	4.00	24.1	6.9	11.4	1.5	21.3	211
Kenya Re	Insurance	Dec	2.30	1.74	1.77	-3.3	40	0.2%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	1,493
Carbacid	Gases	July	14.15	10.35	12.25	2.1	25	0.2%	2.22	0.70	13.5	5.5	5.7	0.9	16.4	11,668
Kenya Power	Power	Jun	2.08	1.31	1.52	-2.6	24	0.1%	1.80	-	30.8	0.8	-	0.0	5.8	9,281
Nation Media	Media	Dec	23.20	14.75	15.00	-6.0	23	0.1%	2.59	1.49	42.1	5.8	9.9	0.4	6.2	898
TPSEA Serena	Tourism	Dec	17.50	10.85	14.20	6.4	21	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	247
Liberty K. Holdings	Insurance	Dec	7.48	4.28	4.60	-17.9	20	0.1%	0.15	-	15.9	30.1	-	0.3	1.0	82
Unga Ltd	Food	Jun	36.25	27.00	28.00	-12.5	17	0.1%	2.48	-	58.3	11.3	-	0.5	4.2	65
NSE	Finance	Dec	8.40	6.38	6.70	-1.2	14	0.1%	0.51	1.40	8.0	13.1	20.9	0.8	6.4	1,439
Car & Gen	Motors	Sept	76.00	30.00	34.40	-27.5	11	0.1%	26.33	3.20	135.8	1.3	9.3	0.3	19.4	871
BOC Kenya	Gases	Dec	93.25	65.00	70.00	-1.1	11	0.1%	4.78	6.70	84.3	14.7	9.6	0.8	5.7	214
WPP Scangroup	Media	Dec	4.41	2.84	3.00	-0.3	10	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	447
Housing Finance	Banking	Dec	3.84	2.86	3.24	1.6	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	922
Sanlam Kenya	Insurance	Dec	15.00	7.94	8.34	-12.9	10	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	82
Limuru Tea	Agric	Dec	510.00	320.00	420.00	0.0	8	0.0%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	487
Longhorn	Publishing	Jun	4.14	2.74	3.20	6.7	7	0.0%	0.62	-	2.8	5.2	-	1.2	22.2	150
Standard Newspapers	Media	Dec	15.80	8.74	10.50	0.5	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	34
EA Portland	Cement	Jun	8.80	6.30	6.38	-6.2	5	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	25
TransCentury	Finance	Dec	1.31	0.79	1.27	36.6	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,273
Safaricom	Telecom	Mar	38.90	20.60	24.50	1.4	7,879	48.5%	1.74	1.39	3.5	14.1	5.7	7.0	49.9	1,129,257
											Average	15.8	6.6	6.3	51.9	2,329,202

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