

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	17.30	77.5%	BUY
Equity bank	43.67	42.00	4.0%	HOLD
KCB bank	47.26	32.00	47.7%	BUY
Co-op bank	20.46	12.65	61.7%	BUY
ABSA bank	12.89	14.05	-8.3%	HOLD
StanChart bank	138.26	193.75	-28.6%	SELL
NCBA bank	40.68	41.10	-1.0%	HOLD
I&M bank	33.32	21.65	53.9%	BUY
Stanbic bank	108.85	113.00	-3.7%	HOLD
DTB bank	116.13	46.35	150.6%	BUY
EABL	151.28	143.25	5.6%	HOLD
Bamburi Cement	44.37	44.60	-0.5%	HOLD
BAT Kenya	460.00	354.25	29.9%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, BAT Kenya, Co-op Bank, Stanbic Bank and Stanchart Bank touched a 5-weeks low on increased local sell-off foreign demand. Equity Bank marked the highest net foreign inflows for the week at USD 1.3m (KES 173.1m) while Safaricom registered the highest net foreign outflows at USD 1.4m (KES 185.7m).
- For the first quarter of 2024, real GDP growth was recorded at 5.0% compared to 5.5% the previous year and growth was attributable to the following sectors; agriculture (6.1%), real estate (6.6%), financial institutions (7.0%), ICT (7.8%) and hospitality (28.0%).

Debt market commentary and outlook

- Overall subscription rates improved breaking a 3-weeks losing streak at 124.4% from 32.0% the previous week. Investors remained skewed on the 91-Day T-Bill and activity improved across all three T-Bills. The yield on all the three T-Bills rose, with the 91-Day T-bill increasing for the second week straight, and the yield on the 182-Day T-Bill as well as the 364-Day T-Bill notched higher for the tenth consecutive week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,659.7	0.0%	-1.8%	9.6%	15.0%	8.2%	10.6%
Kenya NASI	109.0	4.1%	2.3%	17.5%	27.2%	5.8%	18.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.2%	-4.1%	-2.7%	44.5%	7.4%	43.9%
Johannesburg Index	1.7%	8.8%	10.9%	11.5%	11.9%	5.6%
Nigeria Stock Exchange	-0.8%	-2.7%	-20.7%	-24.8%	-19.7%	-20.1%
Ghana Stock Exchange	2.3%	1.3%	-0.8%	-2.0%	-1.6%	-2.1%
Egyptian Stock Exchange	2.2%	6.2%	-1.8%	-28.2%	6.8%	-26.0%
MSCI EFM ex SA Index	1.7%	0.4%	0.3%	3.8%	8.4%	51.8%

Other market statistics

Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.25	0.8%	1.6%	1.4%	22.8%	9.7%	22.3%
USD/ZAR	18.18	0.1%	4.0%	2.9%	2.8%	3.3%	1.0%
USD/EGP	47.99	0.1%	-1.0%	-1.3%	-35.8%	-35.6%	-35.6%
USD/NGN	1526.25	-0.8%	-3.5%	-18.2%	-40.1%	-49.8%	-40.3%
USD/GHS	15.39	-0.7%	-3.2%	-13.2%	-22.3%	-26.2%	-22.3%

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	356.2	-185.7	50.3%	0.0%	24.5%	-12.2%	48.5%
Equity Bank	184.9	173.1	46.9%	-0.6%	24.8%	-14.6%	24.8%
Absa Bank	108.2	46.0	28.5%	0.4%	22.7%	-1.1%	30.7%
Coop Bank	83.1	-0.6	0.3%	-0.4%	11.0%	-15.9%	24.0%
KCB Bank	72.6	13.0	35.6%	2.4%	46.1%	-15.7%	103.2%

Q124 GDP Growth Outlook

The GDP of Kenya in 1Q24 grew 5.0%, on the back of a mix of macroeconomic factors, among them being inflation which reduced to 6.29% from 9.13% in Q123, the depreciation of the Kenya Shilling which shed 23.6% against the dollar in comparison to the previous year. The raising of the Central Bank Rate from 12.5% to 13.0% in February as a restrictive monetary stance to ease inflation pressures.

Growth in the manufacturing sector was subdued to 1.3% from 1.7% the first quarter of the previous year brought about by higher input costs which raised the level of working capital needed. Credit advances to the sector grew by 9.7% Manufacturing under food production, i.e. tea and milk processing experienced growth of 42.9% and 30.1% respectively while for non-food production, cement production declined by 9.8%.

The agricultural sector grew at a slower rate of 6.1% compared to 6.4% the previous year. The gains seen were from favourable weather conditions and state interventions that supported production. Tea, milk and sugar production which in the previous year had contracted grew by 42.9% ,30.2% and 6.1% respectively. There was a decline in the export of fruit and vegetables, coffee and cut flowers.

Growth in the construction sector decelerated further to 0.1% from 3.0% the previous year. The decline was caused by a reduction in cement consumption by 12.7%, a decrease in imported bitumen by 32.4% and an increase in the imports of iron and steel products by 16.0%. Credit extended to the sector grew by 4.8%.

The transport sector growth rate was this year slower at 3.8% compared to 6.6% the previous year. The growth was supported by an increase in the throughput of the Mombasa Port by 3.8%, an increase in the international passengers by 14.7%, an increase in the petroleum products transported via pipeline by 8.7% and an increase in the steam freight revenue by 3.0%. On the other hand, SGR passenger train and the SGR freight haulage numbers diminished by 11.0% and 17.4% respectively. Light diesel imports also went down by 4.9%.

The hospitality sector was the only one that hit double digit growth rates at 28.0%, albeit a reduction from 47.1% last year, owing to an increased number of tourist arrivals at the Jomo Kenyatta International Airport and the Moi International Airport by 10.4%.

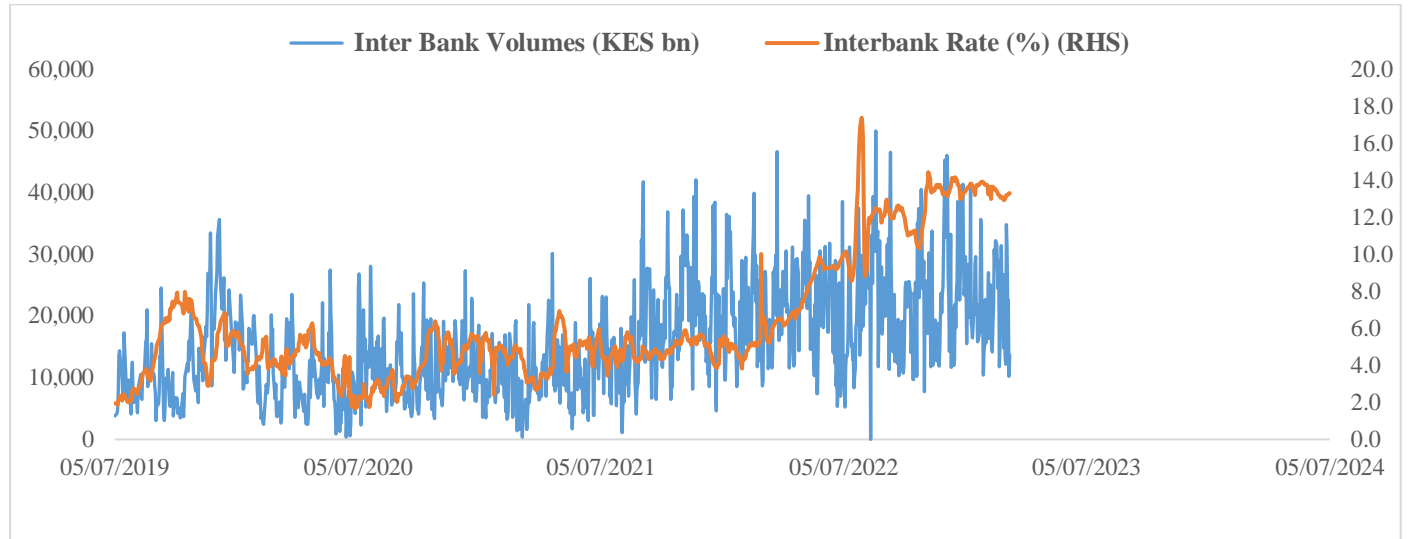
The table below shows a sector-wise comparison of growth rates for Q1 2023 and Q1 2024.

Sector	2024	2023
Accommodation and Food Services	28.0%	47.1%
Professional Admin & Support services	9.9%	8.6%
ICT	7.8%	9.5%
Financial and Insurance Services	7.0%	5.9%
Real Estate	6.6%	7.3%
Agriculture	6.1%	6.4%
Public Administration	5.8%	7.6%
Health	5.5%	5.1%
Wholesale and retail trade	4.9%	2.9%
Education	4.0%	2.0%
Transportation and Storage	3.8%	6.6%
Other Services	2.5%	4.6%
Electricity and Water Supply	2.4%	3.7%
Manufacturing	1.3%	1.7%
Construction	0.1%	3.0%
Mining and Quarrying	-14.8%	-11.0%
Overall GDP	5.0%	5.5%

Source: KNBS

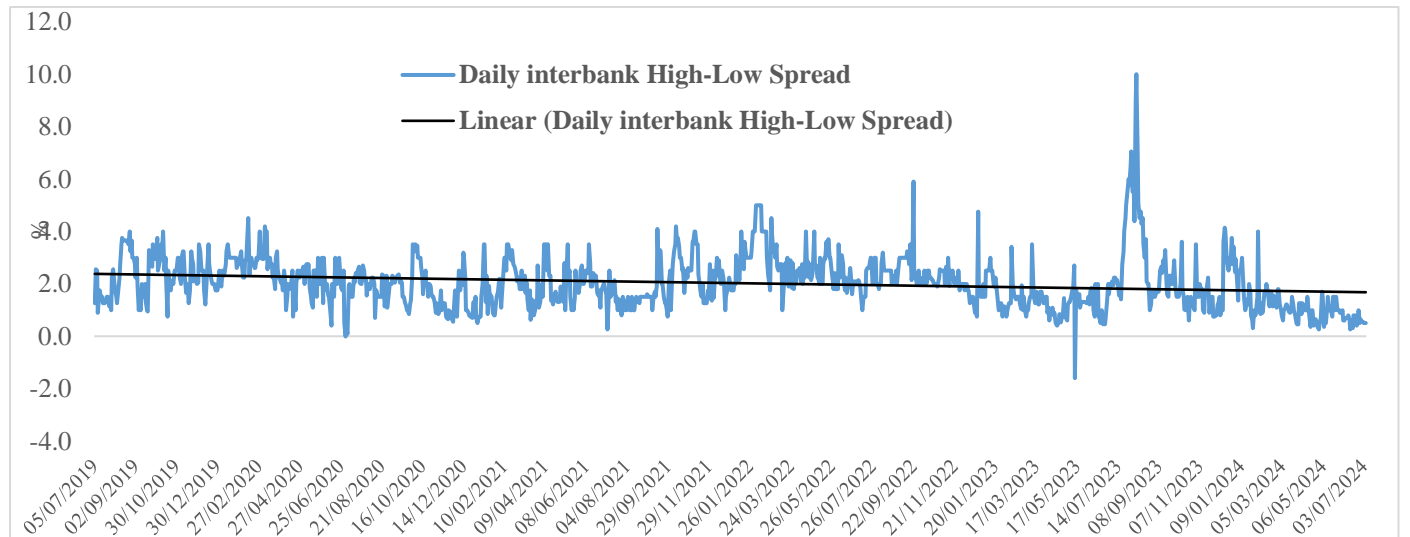
Key Rates and Spreads

Inter-bank Rates decline, breaking a 2-weeks gaining streak



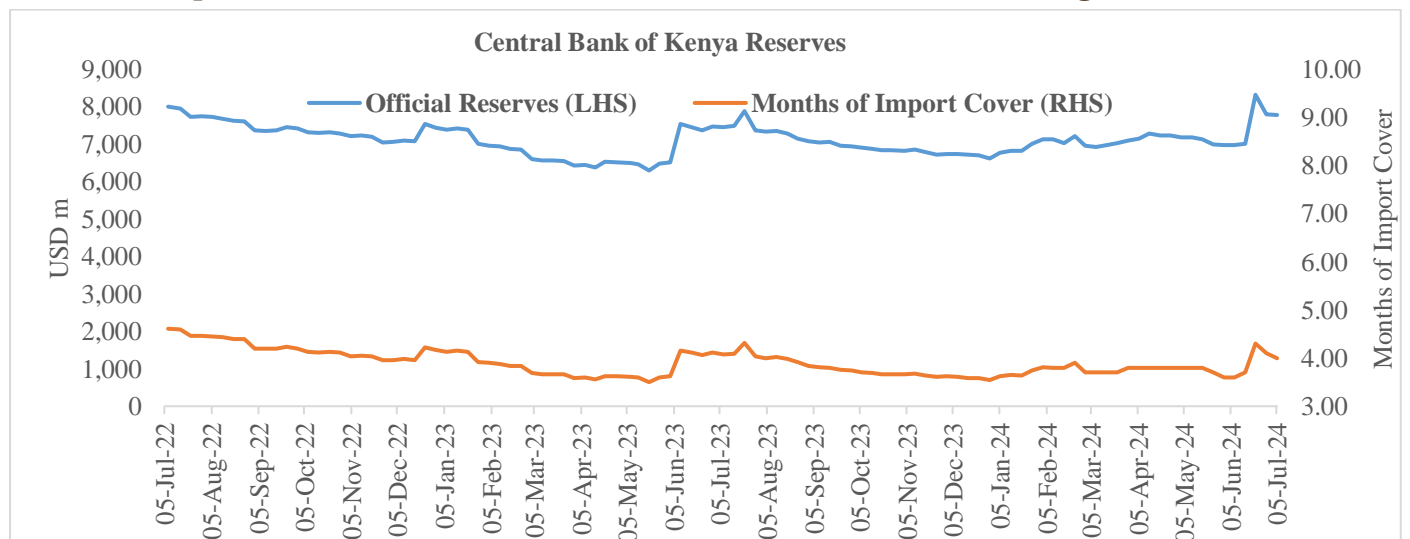
Source: CBK

Inter-bank Spreads narrow consecutively for the second week



Source: CBK

Months of import cover and CBK FX reserves decline for the second week straight.



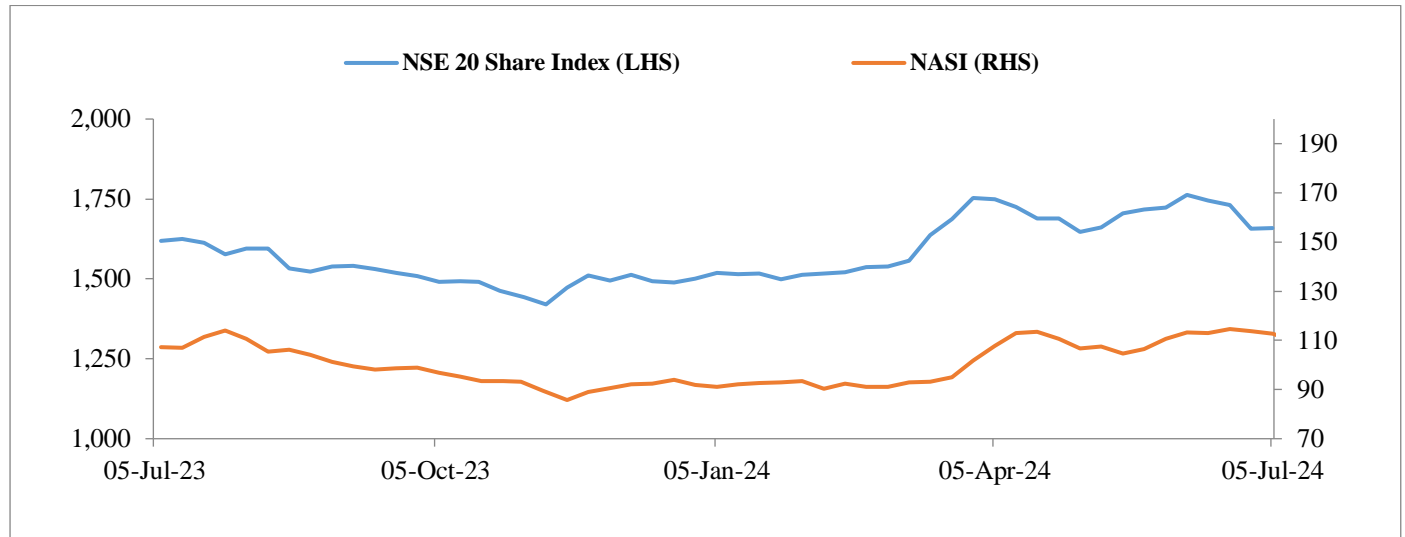
Source: CBK

Equity market trading commentary

Market turnover grew by 9.1% to stand at USD 7.6m (KES 976.4). The NASI shed another 0.4% to conclude at 109.02, declining for the fourth week straight while the NSE 20 recovered 0.2% to settle at 1,659.68, breaking a three-weeks losing streak. Foreign investors turned net buyers at USD 0.6m (KES 74.4m). Equity Bank marked the highest net foreign inflows for the week at USD 1.3m (KES 173.1m) while Safaricom registered the highest net foreign outflows at USD 1.4m (KES 185.7m).

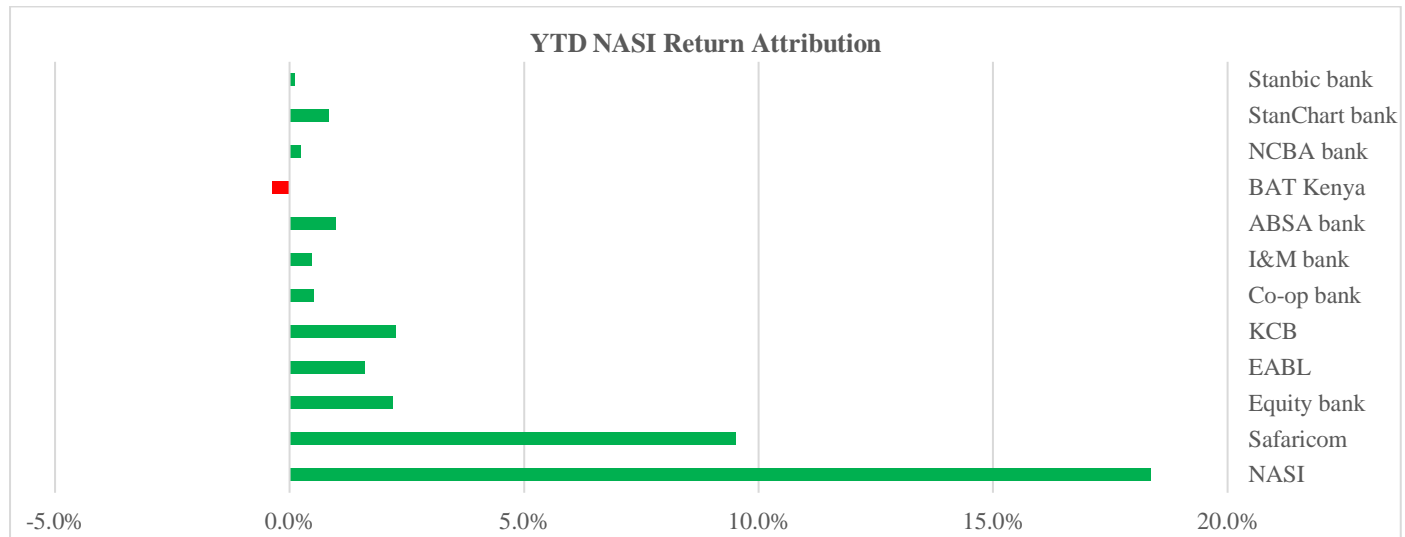
During the week, BAT Kenya, Co-op Bank, Stanbic Bank and StanChart Bank touched a 5-weeks low on increased local sell-off foreign demand.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

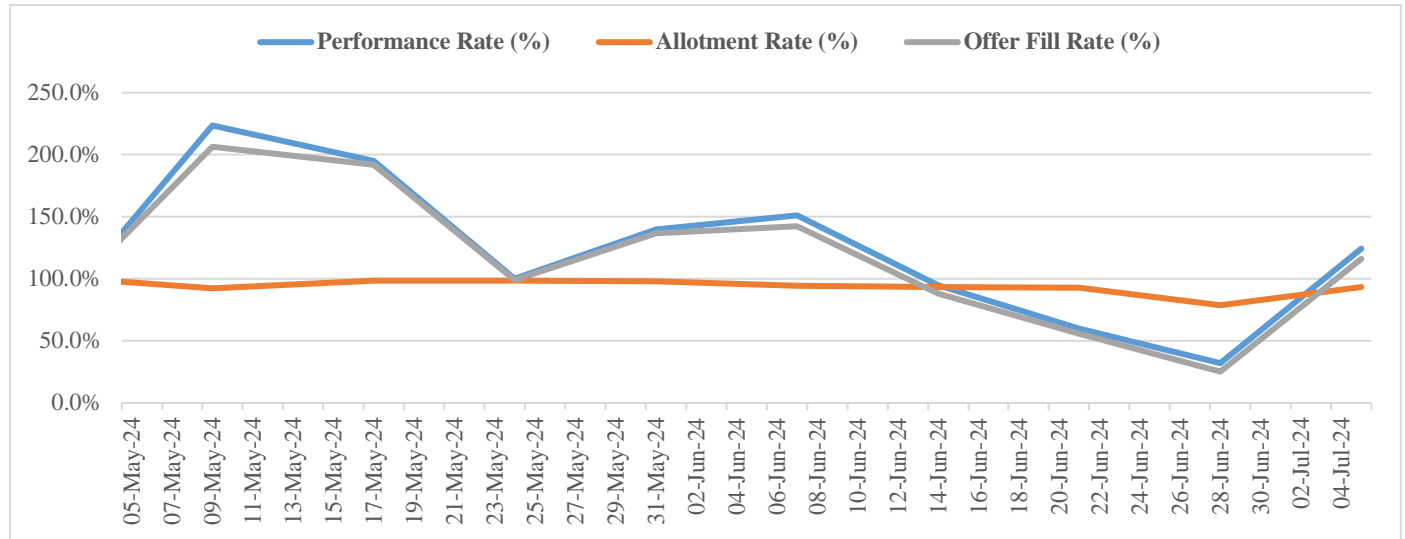
Overall subscription rates improved breaking a 3-weeks losing streak at 124.4% from 32.0% the previous week. Investors remained skewed on the 91-Day T-Bill and activity improved across all three T-Bills. The yield on all the three T-Bills rose, with the 91-Day T-bill increasing for the second week straight, and the yield on the 182-Day T-Bill as well as the 364-Day T-Bill notched higher for the tenth consecutive 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 14.8bn for the 91-Day T-Bill, implying a subscription rate of 370.10%. It accepted bids worth KES 12.8bn at an average yield of 15.987% (+1.0 bps w/w).

The 182-Day T-Bill received bids worth KES 9.4bn, implying a performance rate of 94.20%. It accepted bids worth KES 9.4bn at an average yield of 16.795% (+3.2 bps w/w).

The 364-Day T-Bill received bids worth KES 5.6bn, implying a performance rate of 56.32%. It accepted bids worth KES 5.6bn at an average yield of 16.830% (+3.9 bps w/w).

T-Bills Performance rates improve after a 3-week decline



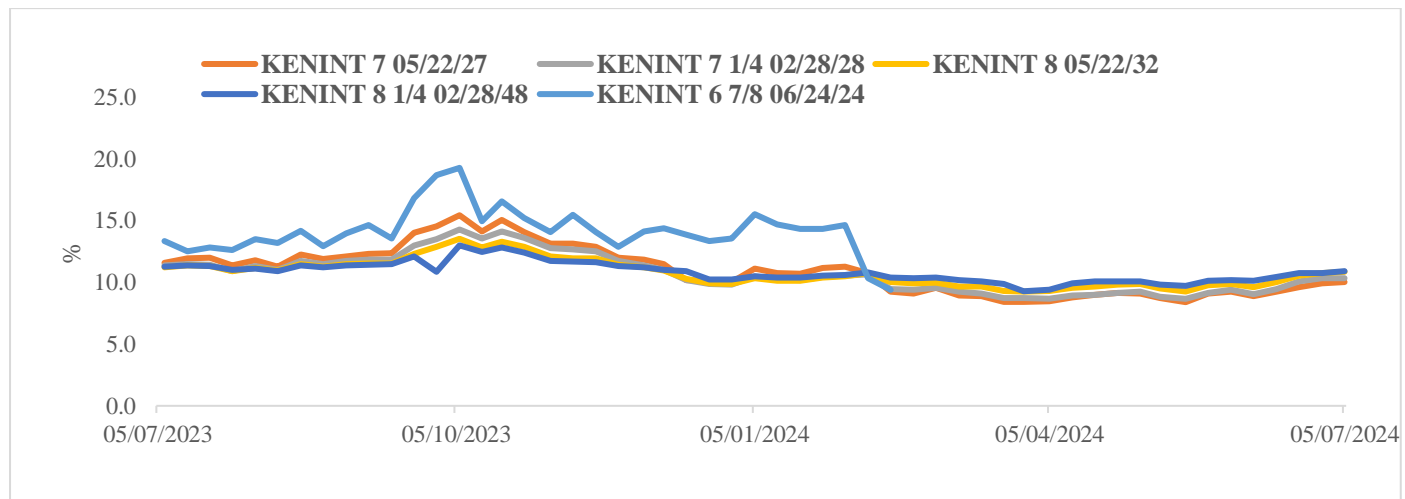
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields



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	17.30	24.5	5,395	40.4%	1.06	1.20	4.7	16.2	6.9	3.7	22.7	139,657,307
Equity Bank	Banking	Dec	49.20	33.65	42.00	24.8	1,234	9.2%	11.12	3.00	48.7	3.8	7.1	0.9	22.8	99,453,068
EA Breweries	Breweries	Jun	94.00	67.00	17.55	25.7	882	6.6%	-	1.75	27.1	-	1.2	5.3	-	15,763,539
Co-op Bank	Banking	Dec	15.05	10.20	12.65	11.0	578	4.3%	4.03	1.50	18.4	3.1	11.9	0.7	21.9	14,830,071
NCBA Bank	Banking	Dec	45.20	35.00	41.10	5.5	527	3.9%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	2,933,943
Absa Bank	Banking	Dec	14.20	10.75	14.05	22.7	594	4.4%	2.19	1.55	12.0	6.4	11.0	1.2	18.3	10,651,560
KCB Bank	Banking	Dec	37.95	15.75	32.00	46.1	800	6.0%	13.30	-	68.1	2.4	-	0.5	19.5	80,041,541
StanChart Bank	Banking	Dec	201.25	150.25	193.75	19.6	570	4.3%	40.82	29.00	158.0	4.7	15.0	1.2	25.8	6,876,290
Stanbic Bank	Banking	Dec	130.00	100.25	113.00	3.9	348	2.6%	28.71	13.75	140.8	3.9	12.2	0.8	20.4	9,413,250
BAT Kenya	Tobacco	Dec	94.00	67.00	354.25	-13.1	276	2.1%	55.68	50.00	163.8	6.4	14.1	2.2	34.0	10,435,442
BK Group	Banking	Dec	37.00	29.65	31.00	-13.4	216	1.6%	10.48	3.28	46.8	3.0	10.6	0.7	22.4	3,333,167
I&M Holdings	Banking	Dec	22.65	16.75	21.65	23.7	279	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	14.50	-9.4	183	1.4%	0.27	2.00	21.6	54.5	13.8	0.7	1.2	2,239,912
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	169	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	44.60	24.4	126	0.9%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	2,834,752
KenGen	Power	Jun	2.52	1.96	2.37	17.9	122	0.9%	0.49	-	41.6	4.8	-	0.1	1.2	4,284,785
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.15	-9.2	95	0.7%	60.93	12.30	613.8	2.8	7.3	0.3	9.9	894,394
DTB Bank	Banking	Dec	55.75	44.05	46.35	2.9	101	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	5.98	24.8	117	0.9%	1.30	-	9.2	4.6	-	0.6	14.1	313,826
Total Oil	Oil	Dec	1.86	1.35	21.50	19.4	105	0.8%	4.80	1.31	48.0	4.5	6.1	0.4	10.0	221,910
Kakuzi	Agric	Dec	420.00	353.50	355.50	-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	5.98	-4.0	44	0.3%	0.55	0.13	3.3	3.9	6.0	0.7	16.9	281,011
Centum Investment	Finance	Mar	9.50	7.88	8.98	6.9	47	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	48.95	22.50	44.60	-1.4	39	0.3%	(0.20)	4.00	24.1	-	9.0	1.9	(0.8)	2,834,752
Kenya Re	Insurance	Dec	2.87	1.39	1.40	-25.5	31	0.2%	1.78	0.10	13.4	0.8	7.1	0.1	13.2	2,945,662
Sasini Tea & Coffee	Agric	Sept	30.50	17.65	18.90	-5.5	34	0.3%	3.11	1.00	61.7	6.1	5.3	0.3	5.0	93,189
Carbacid	Gases	July	18.00	14.55	17.55	17.0	35	0.3%	4.01	0.70	13.6	4.4	4.0	1.3	11.9	259,331
Nation Media	Media	Dec	22.00	16.50	18.15	-9.5	27	0.2%	(1.08)	1.49	43.1	-	8.2	0.4	(2.5)	1,457,564
Kenya Power	Power	Jun	1.86	1.35	1.76	23.9	27	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	829,453
TPSEA Serena	Tourism	Dec	20.05	11.00	14.00	-14.9	20	0.1%	4.78	-	33.3	2.9	-	0.4	14.4	30,654
Liberty K. Holdings	Insurance	Dec	200.00	168.00	1.40	44.2	22	0.2%	0.15	-	15.9	34.8	-	0.3	1.0	22,950
BOC Kenya	Gases	Dec	94.00	67.00	85.00	3.7	13	0.1%	10.14	5.95	85.1	8.4	7.0	1.0	11.9	20,841
NSE	Finance	Dec	6.62	5.52	5.78	-4.0	12	0.1%	0.05	0.20	7.1	109.3	3.5	0.8	0.7	284,906
Housing Finance	Banking	Dec	5.10	3.25	4.13	18.7	12	0.1%	1.18	4.00	20.5	3.5	96.9	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	1.39	5.32	-5.7	6	0.0%	(0.88)	-	3.9	-	-	1.5	(22.7)	281,011
Car & Gen	Motors	Sept	41.50	18.85	22.00	-12.0	7	0.1%	(6.82)	3.20	135.8	-	14.5	0.2	(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	2.20	0.9	7	0.1%	0.30	-	11.9	7.3	-	0.2	2.5	100,276
EA Portland	Cement	Jun	48.95	22.50	0.95	-39.3	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	2.34	-2.9	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	11,331
TransCentury	Finance	Dec	9.50	7.88	2.69	-25.0	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	141,628
Average												12.0	8.1	2.3	17.8	477,256,300

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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
ephantusm@kestrelcapital.com

Millicent Nyuguto
millicentn@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