

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	15.75	97.5%	BUY
Equity bank	58.81	45.55	29.1%	BUY
KCB bank	62.39	31.60	97.4%	BUY
Co-op bank	18.13	12.80	41.6%	BUY
ABSA bank	12.32	10.10	22.0%	BUY
StanChart bank	108.61	142.75	-23.9%	SELL
NCBA bank	38.68	33.45	15.6%	BUY
I&M bank	30.56	16.85	81.4%	BUY
Stanbic bank	89.16	117.25	-24.0%	SELL
DTB bank	122.70	53.75	128.3%	BUY
EABL	164.58	149.00	10.5%	HOLD
Bamburi Cement	51.96	23.75	218.8%	BUY
BAT Kenya	544.27	468.50	16.2%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom marked the largest single-day drop in the last eight days on account of foreign sell-offs. Similarly, EABL hit a 7-month low driven by foreign selling. I&M bank touched a 5-month low on the back of local sell-offs.

Debt market commentary and outlook

- Overall subscription rates increased to 110.7%, up from 37.5% the previous week on account of continued demand on the 91-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched upwards for the eighteenth successive week and the yield on the 182-Day T-Bill went up for the fourth consecutive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,534.5	-2.8%	-6.8%	-8.3%	-8.4%	-12.6%	-8.4%
Kenya NASI Return	103.1	-4.3%	-9.8%	-18.3%	-19.2%	-28.8%	-19.2%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-6.5%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-11.3%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-4.6%	-11.7%	-27.1%	-28.0%	-39.5%	-26.9%
Johannesburg Index	-0.7%	0.3%	-7.6%	9.9%	0.4%	-1.0%
Nigeria Stock Exchange	-0.1%	-1.3%	-3.6%	13.5%	-7.4%	2.0%
Ghana Stock Exchange	-2.2%	-11.0%	18.4%	29.9%	-36.4%	-5.8%
Egyptian Stock Exchange	-3.0%	3.3%	4.1%	20.3%	-6.5%	-5.2%
MSCI EFM ex SA Index	-0.9%	-1.5%	-5.4%	2.5%	-20.4%	-4.9%

Other market statistics

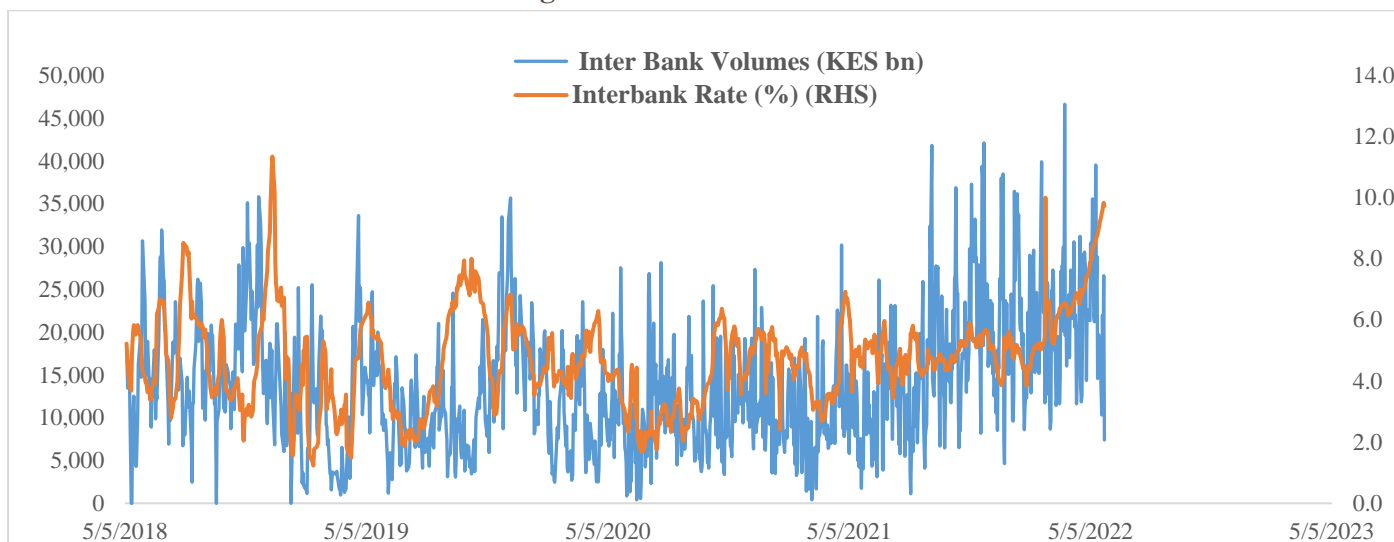
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	136.4	-0.4%	-2.1%	-8.6%	-10.9%	-14.9%	-9.5%
USD/ZAR	18.4	-0.6%	-1.0%	-5.1%	-2.7%	-13.2%	-7.4%
USD/EGP	30.9	-0.1%	-0.1%	-2.1%	-21.6%	-40.3%	-20.0%
USD/NGN	462.5	-0.2%	-0.3%	-0.3%	-4.2%	-10.0%	-0.4%
USD/GHS	11.7	0.7%	-7.6%	4.4%	20.0%	-35.6%	-13.1%

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	587.7	-353.3	67.8%	-4.5%	-34.8%	-52.2%	2.1%
EABL	105.0	-77.1	52.1%	-6.1%	-11.0%	-20.3%	35.5%
Equity bank	74.0	64.6	44.0%	-0.5%	2.4%	-14.5%	20.2%
BAT Kenya	30.6	0.1	0.2%	-0.3%	1.8%	-2.3%	16.0%
KCB bank	19.4	-7.3	23.6%	-3.8%	-17.1%	-27.4%	5.3%

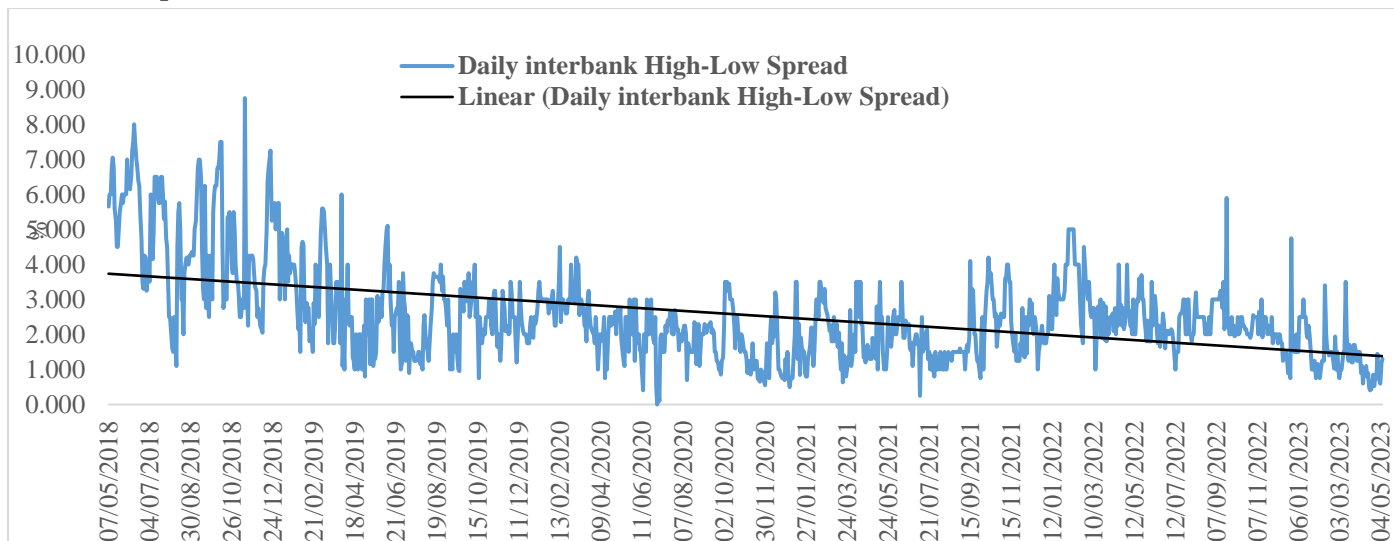
Key Rates and Spreads

Inter-bank rates maintain an 8-week's rising streak



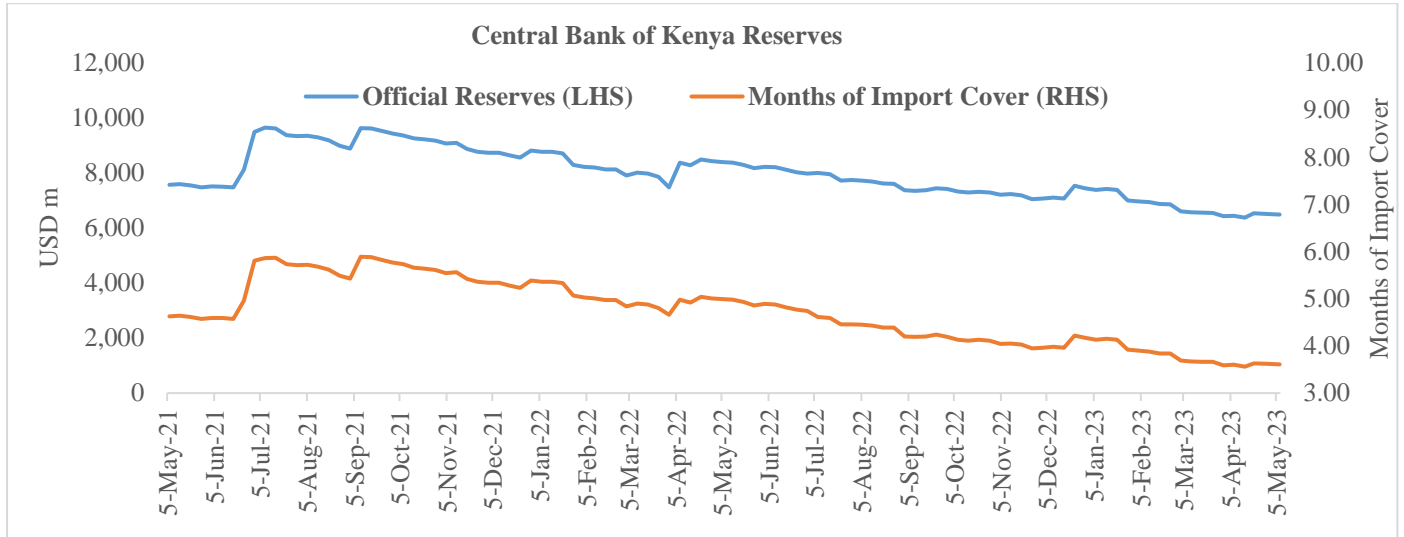
Source: CBK

Inter-bank spreads widen for the second consecutive week



Source: CBK

CBK FX reserve & import cover decrease for the second straight week



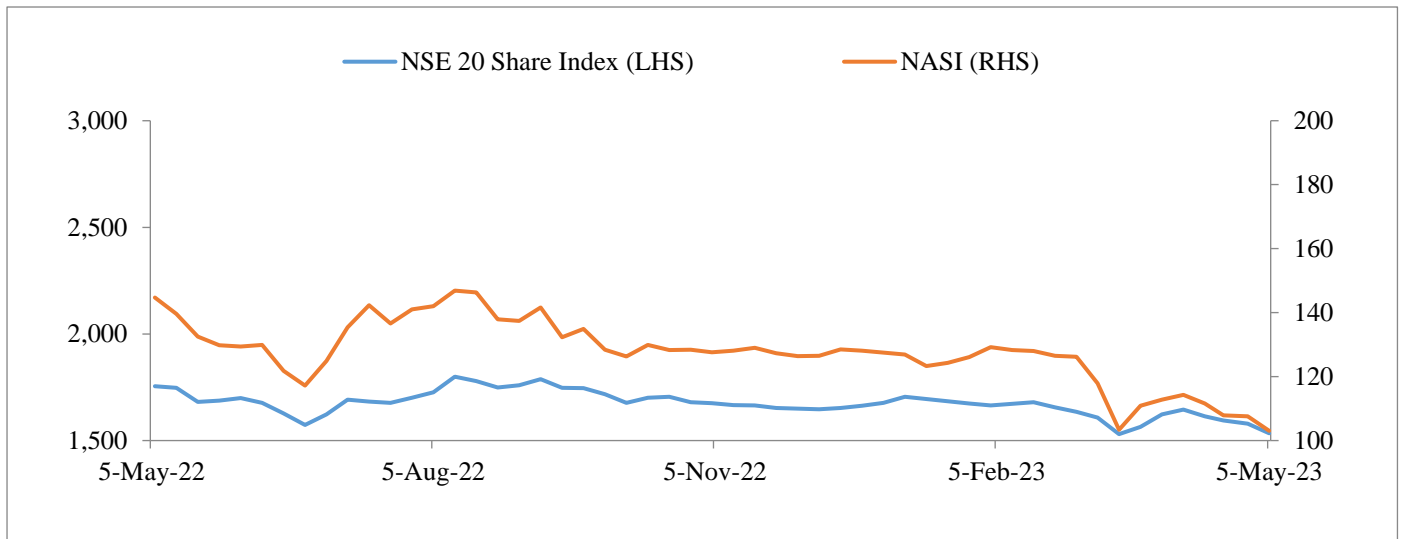
Source: CBK

Equity market trading commentary

Equity turnover declined by 13.0% w/w to close at USD 6.6m (KES 0.9bn). For the fourth successive week, the NASI edged down 4.3% w/w to end at 103.05 and the NSE 20 notched down 2.8% w/w to 1,534.47. Foreign investors were net sellers at USD 2.7m (KES 371.4m). Foreign investors rebounded at the bourse at 55.7% of total turnover, up from 35.5% last week. Safaricom recorded the highest net foreign outflows at USD 2.6m (KES 353.3m). On the other hand, Equity bank registered the largest net foreign inflows at USD 0.5m (KES 64.6m).

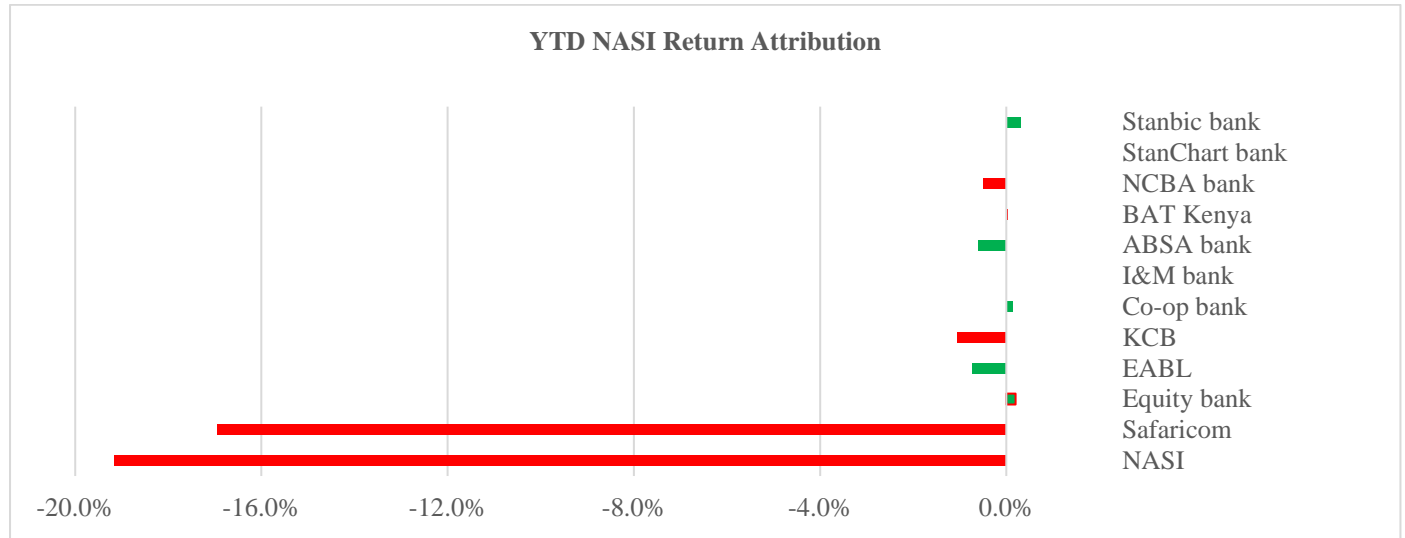
During the week, Safaricom marked the largest single-day drop in the last eight days on account of foreign sell-offs. Similarly, EABL hit a 7-month low driven by foreign selling. I&M bank touched a 5-month low on the back of local sell-offs.

Market performance over the past 12 months



Source: NSE

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



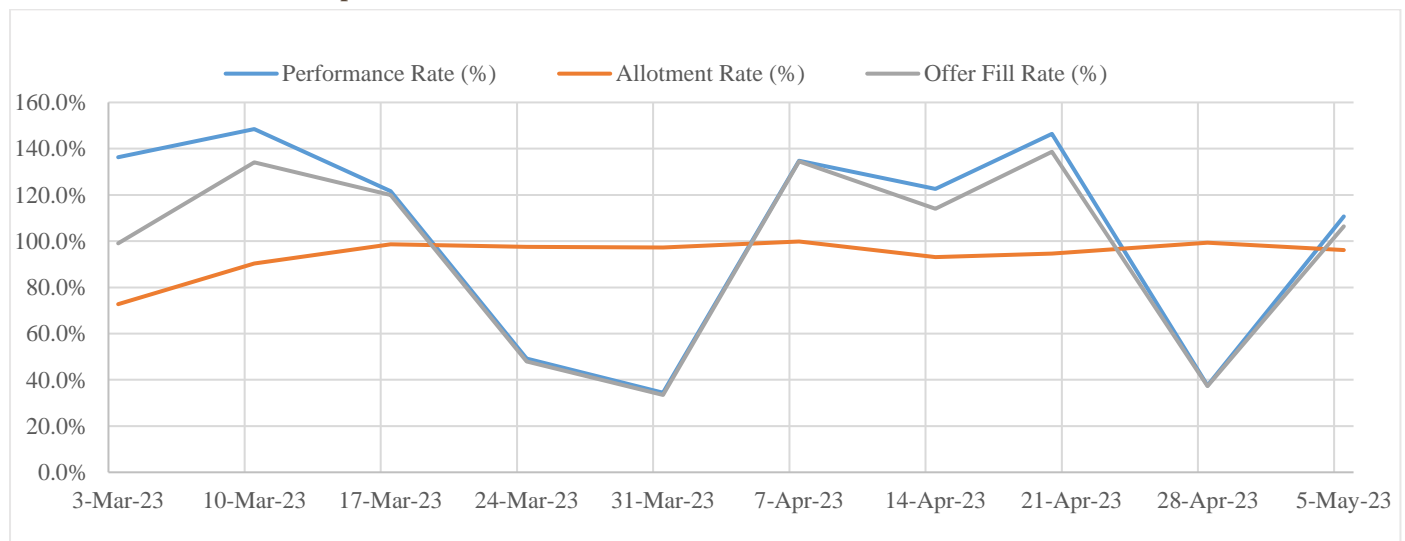
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates increased to 110.7%, up from 37.5% the previous week on account of continued demand on the 91-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched upwards for the eighteenth successive week and the yield on the 182-Day T-Bill went up for the fourth consecutive week.

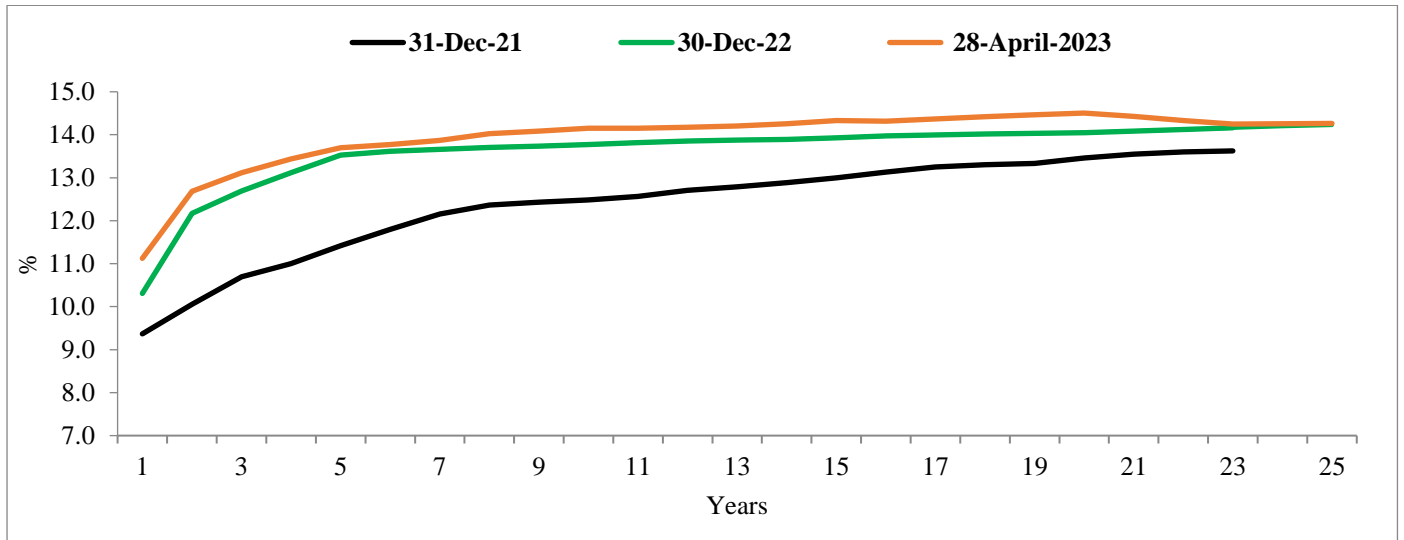
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 20.3bn for the 91-Day T-Bill, implying a subscription rate of 508.01%. It accepted bids worth KES 19.3bn at an average yield of 10.318% (+4.3bps w/w). The 182-Day T-Bill received bids worth KES 5.3bn, implying a performance rate of 53.36%. It accepted bids worth KES 5.3bn at an average yield of 10.678% (+16.7bps w/w). The 364-Day T-Bill received bids worth KES 0.9bn, implying a performance rate of 9.17%. It accepted bids worth KES 0.9bn at an average yield of 11.170% (+4.6bps w/w).

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



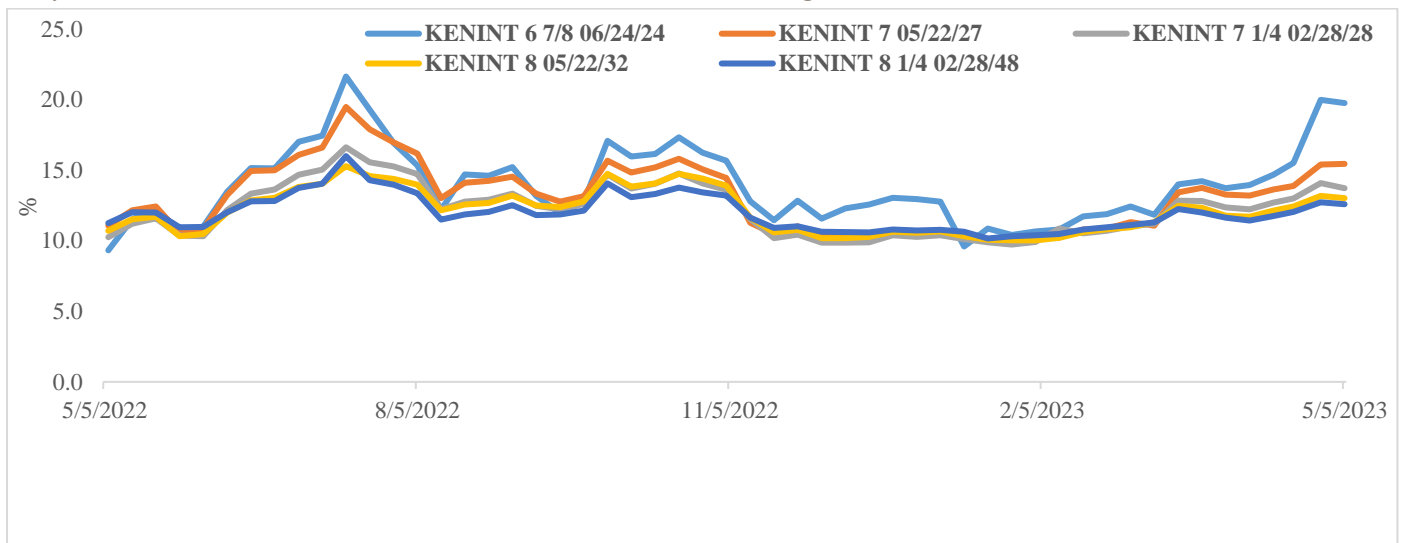
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors breaks a 3-weeks rising streak



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	32.95	15.75	15.75	-34.8	4,626	39.1%	1.74	1.33	3.5	9.1	8.4	4.5	49.9	1,158,404	
Equity Bank	Banking	Dec	53.25	37.90	45.55	2.4	1,260	10.7%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	302,850	
EA Breweries	Breweries	Jun	187.00	110.00	149.00	-11.0	864	7.3%	15.00	11.00	20.5	9.9	7.4	7.3	73.2	2,304,490	
KCB Bank	Banking	Dec	43.50	30.00	31.60	-17.1	744	6.3%	12.64	2.00	62.3	2.5	6.3	0.5	20.3	195,731	
Co-op Bank	Banking	Dec	13.35	10.70	12.80	4.1	551	4.7%	3.76	1.50	18.4	3.4	11.7	0.7	20.5	52,518	
NCBA Bank	Banking	Dec	40.90	23.60	33.45	-15.0	404	3.4%	10.02	4.25	49.1	3.3	12.7	0.7	20.4	43,281	
Absa Bank	Banking	Dec	12.95	9.70	10.10	-17.9	402	3.4%	2.69	1.35	11.7	3.8	13.4	0.9	22.9	42,896	
StanChart Bank	Banking	Dec	171.00	123.75	142.75	0.0	395	3.3%	31.91	22.00	148.6	4.5	15.4	1.0	21.5	63,885	
BAT Kenya	Tobacco	Dec	479.75	404.00	468.50	1.8	343	2.9%	68.92	57.00	163.8	6.8	12.2	2.9	42.1	113,173	
Stanbic Bank	Banking	Dec	117.75	90.00	117.25	15.0	340	2.9%	22.92	12.60	157.3	5.1	10.7	0.7	14.6	24,245	
Bank of Kigali	Banking	Dec	34.50	27.00	32.00	1.6	210	1.8%	7.95	3.28	41.8	4.0	10.3	0.8	19.0	631	
I&M Holdings	Banking	Dec	21.00	16.50	16.85	-0.9	204	1.7%	5.74	1.50	41.4	2.9	8.9	0.4	13.9	17,359	
Umeme Ltd.	Power	Dec	15.05	6.58	13.95	88.0	166	1.4%	3.03	2.12	20.7	4.6	15.2	0.7	14.7	2,029	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	160	1.3%	(2.79)	-	(14.7)	-	-	-	-	-	
KenGen	Power	Jun	3.81	2.15	2.38	-26.1	115	1.0%	0.70	0.18	42.0	3.4	7.6	0.1	1.7	3,984	
DTB Bank	Banking	Dec	55.25	44.00	53.75	7.5	110	0.9%	17.27	3.00	250.7	3.1	5.6	0.2	6.9	16,687	
Jubilee Insurance	Insurance	Dec	270.00	148.25	185.75	-6.5	99	0.8%	82.21	14.00	618.5	2.3	7.5	0.3	13.3	9,505	
Total Oil	Oil	Dec	25.85	18.25	20.75	-13.0	96	0.8%	3.88	1.31	48.0	5.3	6.3	0.4	8.1	853	
Britam	Insurance	Dec	6.94	4.07	4.15	-20.2	77	0.6%	0.03	-	7.5	145.2	-	0.6	0.4	1,035	
Bamburi Cement	Cement	Dec	38.35	23.75	23.75	-24.6	63	0.5%	2.15	3.58	0.1	11.0	15.1	289.3	2,618.6	23,342	
Kakuzi	Agric	Dec	441.25	240.00	428.00	11.2	62	0.5%	43.15	24.00	303.5	9.9	5.6	1.4	14.2	457	
Sasini Tea & Coffee	Agric	Sept	129.00	19.00	28.65	27.6	48	0.4%	5.11	1.00	56.5	5.6	3.5	0.5	9.1	760	
Crown Paints	Manufac.	Dec	44.00	32.30	41.50	-0.8	43	0.4%	5.13	4.00	24.1	8.1	9.6	1.7	21.3	270	
Centum Investment	Finance	Mar	12.05	7.90	8.44	1.0	41	0.3%	(2.01)	0.59	65.1	-	7.0	0.1	(3.1)	6,382	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	39	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Kenya Re	Insurance	Dec	2.25	1.54	1.81	-1.1	37	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,578	
CIC Insurance	Insurance	Dec	2.18	1.72	1.85	-5.1	35	0.3%	0.42	0.13	3.3	4.4	7.0	0.6	12.8	2,191	
Carbacid	Gases	July	14.15	10.55	13.50	12.5	25	0.2%	2.98	0.70	13.6	4.5	5.2	1.0	21.9	4,425	
Nation Media	Media	Dec	22.70	14.15	16.50	3.4	23	0.2%	16.74	1.49	43.1	1.0	9.0	0.4	38.9	2,014	
Kenya Power	Power	Jun	2.08	1.36	1.45	-7.1	21	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	6,741	
TPSEA Serena	Tourism	Dec	17.50	10.85	13.40	0.4	18	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	2,345	
Liberty K. Holdings	Insurance	Dec	7.48	3.65	4.15	-25.9	16	0.1%	0.15	-	15.9	27.2	-	0.3	1.0	50	
Unga Ltd	Food	Jun	34.75	15.00	23.00	-28.1	13	0.1%	2.48	-	58.3	9.3	-	0.4	4.2	305	
NSE	Finance	Dec	8.38	5.96	6.24	-8.0	12	0.1%	0.05	0.20	7.1	118.0	3.2	0.9	0.7	1,501	
BOC Kenya	Gases	Dec	85.00	65.00	80.75	14.1	12	0.1%	7.58	5.95	85.1	10.7	7.4	0.9	8.9	333	
Housing Finance	Banking	Dec	4.18	2.86	3.77	18.2	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,419	
WPP Scangroup	Media	Dec	3.95	2.70	2.91	-3.3	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	642	
Sanlam Kenya	Insurance	Dec	14.90	7.26	8.60	-10.2	9	0.1%	(3.77)	-	3.9	-	-	2.2	(97.1)	50	
Car & Gen	Motors	Sept	49.00	28.05	30.00	-36.8	9	0.1%	26.33	3.20	135.8	1.1	10.7	0.2	19.4	284	
Limuru Tea	Agric	Dec	510.00	320.00	400.00	-4.8	7	0.1%	4.73	2.50	80.9	84.6	0.6	4.9	5.8	150	
Standard Newspapers	Media	Dec	14.75	8.16	9.10	-12.9	5	0.0%	(10.05)	-	0.4	-	-	20.7	(2,284.0)	28	
Longhorn	Publishing	Jun	4.07	2.01	2.21	-26.3	4	0.0%	0.62	-	2.8	3.6	-	0.8	22.2	191	
EA Portland	Cement	Jun	8.80	5.94	6.30	-7.4	4	0.0%	6.02	-	239.8	1.0	-	0.0	2.5	16	
TransCentury	Finance	Dec	1.30	0.79	0.95	2.2	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	60	
												Average	11.9	8.7	4.3	48.3	4,413,942

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