

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	18.90	64.6%	BUY
Equity bank	58.81	40.00	47.0%	BUY
KCB bank	62.39	29.15	114.0%	BUY
Co-op bank	18.13	12.20	48.6%	BUY
ABSA bank	12.32	12.10	1.8%	HOLD
StanChart bank	108.61	162.00	-33.0%	SELL
NCBA bank	38.68	39.40	-1.8%	HOLD
I&M bank	30.56	18.50	65.2%	BUY
Stanbic bank	89.16	119.75	-25.5%	SELL
DTB bank	122.70	50.00	145.4%	BUY
EABL	164.58	158.75	3.7%	HOLD
Bamburi Cement	51.96	25.90	100.1%	BUY
BAT Kenya	544.27	450.50	20.8%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom rallied up to a 70-day on account of local demand. Similarly, Equity bank trended up to hit a 2-month high on the back of local buying.

Debt market commentary and outlook

- Halting a 3-weeks declining streak, the overall subscription rates rose to 125.5%, up from 39.5% the previous week. Demand picked up on the 91-Day T-Bill but remained weak across all tenors. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched upwards for the twenty-seventh consecutive week while the yield on the 182-Day T-Bill went up for the fifth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,618.1	2.7%	1.5%	-0.2%	-5.1%	-4.4%	-3.5%
Kenya NASI Return	111.4	4.1%	5.2%	-1.2%	-12.2%	-17.7%	-12.6%
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	3.8%	3.9%	-7.6%	-23.0%	-30.4%	-23.5%
Johannesburg Index	-1.8%	-3.5%	-6.2%	-10.2%	-1.4%	-7.4%
Nigeria Stock Exchange	1.7%	-31.2%	-29.0%	-26.1%	-32.8%	-26.6%
Ghana Stock Exchange	5.5%	12.0%	2.1%	9.7%	-16.8%	8.0%
Egyptian Stock Exchange	-3.2%	-2.2%	2.4%	-6.2%	19.3%	-6.1%
MSCI EFM ex SA Index	0.1%	-3.6%	-1.1%	-3.4%	-8.0%	-4.5%

Other market statistics

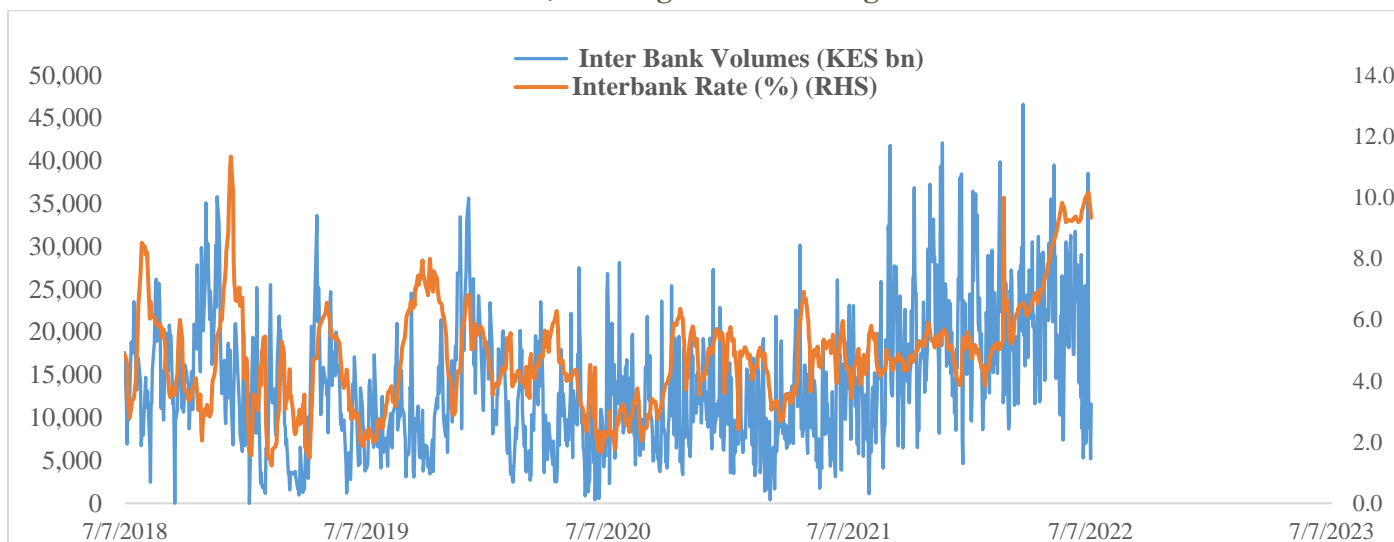
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	140.9	-0.3%	-1.2%	-5.2%	-12.3%	-16.1%	-12.4%
USD/ZAR	18.9	-0.1%	-0.8%	-3.5%	-8.6%	-10.5%	-9.7%
USD/EGP	30.9	0.0%	-2.9%	0.0%	-12.0%	-38.9%	-19.9%
USD/NGN	769.5	-1.7%	-96.0%	-40.1%	-40.1%	-44.8%	-40.1%
USD/GHS	11.4	-0.1%	-0.4%	-5.1%	-9.7%	-28.8%	-10.7%

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	718.5	-59.2	66.0%	0.0%	-27.5%	-41.0%	45.4%
Equity bank	299.7	-16.4	72.7%	4.6%	-10.1%	-24.9%	11.7%
KCB bank	238.4	35.6	29.5%	-0.5%	-23.5%	-33.0%	2.3%
Nation Media	90.1	-18.1	10.1%	5.0%	-25.4%	-4.1%	41.3%
ABSA bank	84.7	73.4	45.5%	2.5%	-1.6%	-6.6%	19.8%

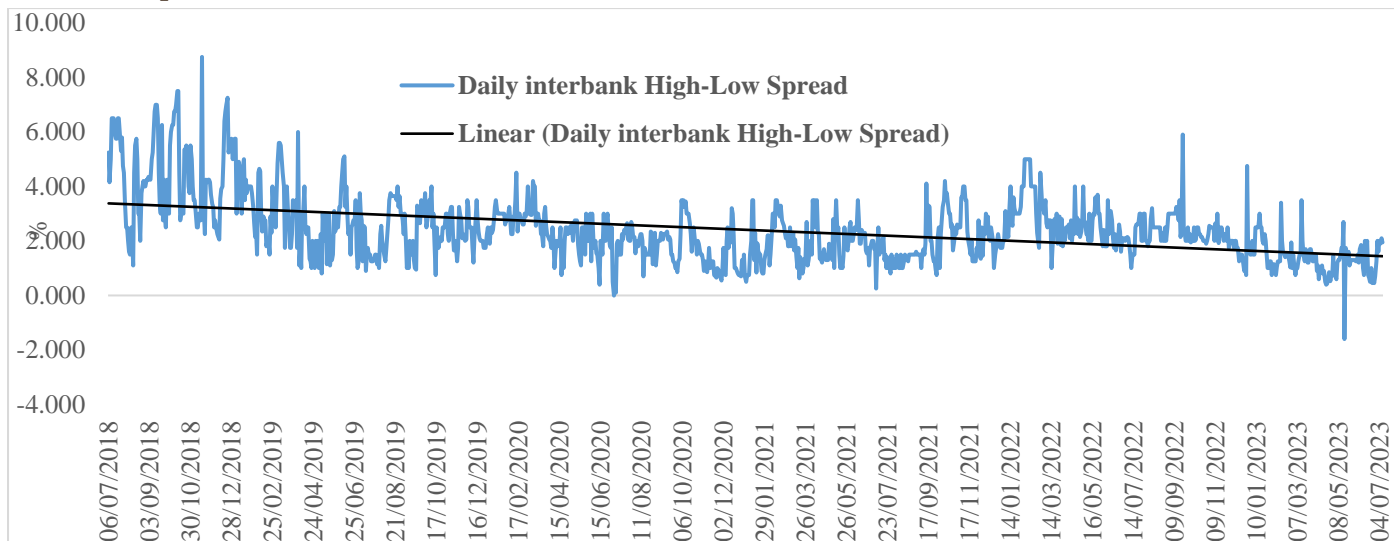
Key Rates and Spreads

Inter-bank rates notch down week-on-week, breaking a 3-weeks rising streak



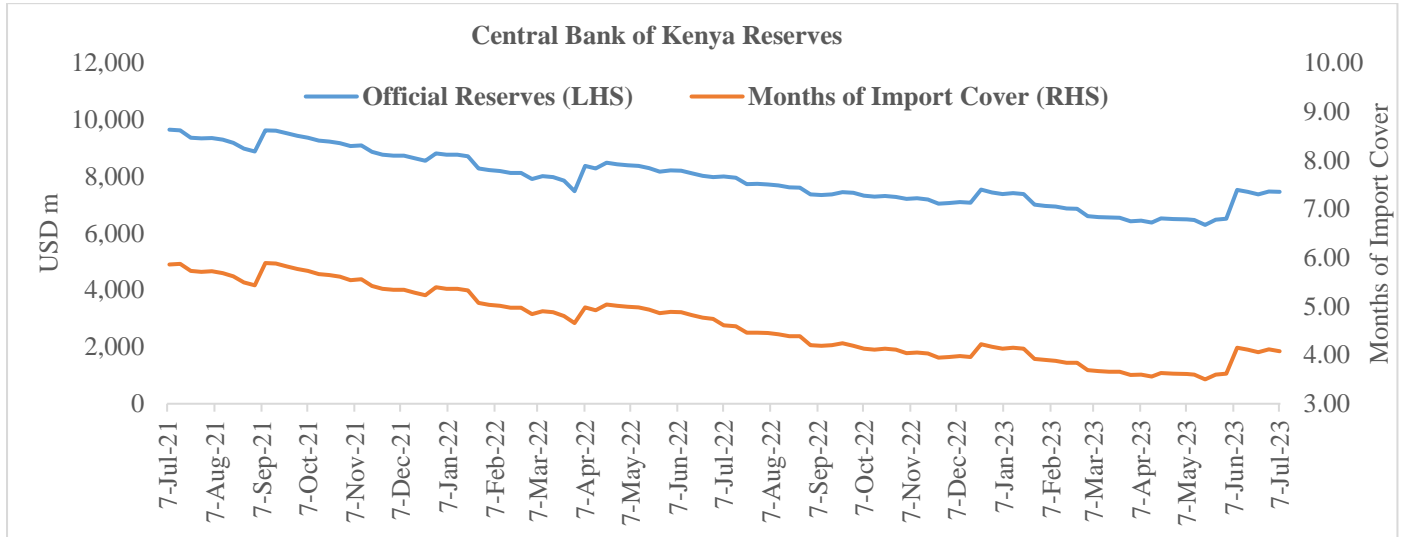
Source: CBK

Inter-bank spreads decline week-on-week



Source: CBK

CBK FX reserves & import cover decrease week-on-week, down from a 28-week high



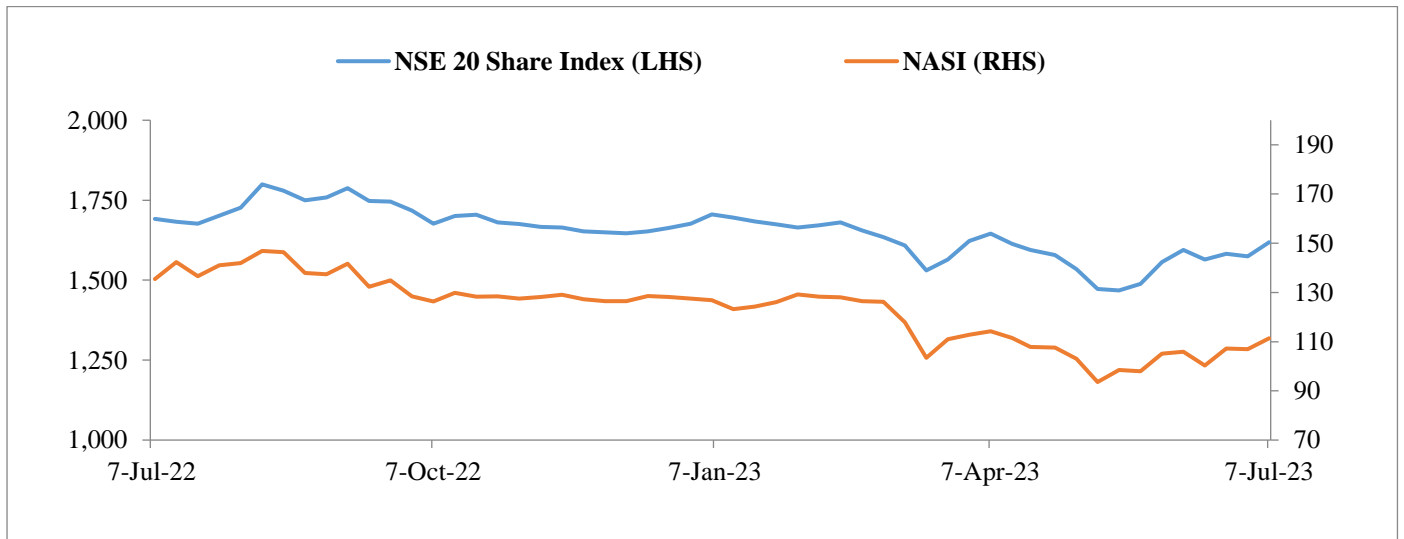
Source: CBK

Equity market trading commentary

Turnover bounced back by 171.9% w/w to stand at USD 11.3m (KES 1.6bn) after two weeks of decline. The NASI regained by 4.1% w/w to finish at 111.37 and the NSE 20 notched up by 2.7% to 1,618.11. For the second week straight, foreign investors remained as net buyers at USD 0.3m (KES 43.3m). Foreign investors dominated trading at the bourse at 52.0% of total turnover, up from 46.8% the prior week. ABSA bank (USD 0.5m, KES 73.4m) and KCB bank (USD 0.3m, KES 35.6m) saw the highest net foreign inflows. On the other hand, Safaricom recorded the largest net foreign outflows at USD 0.4m (KES 59.2m).

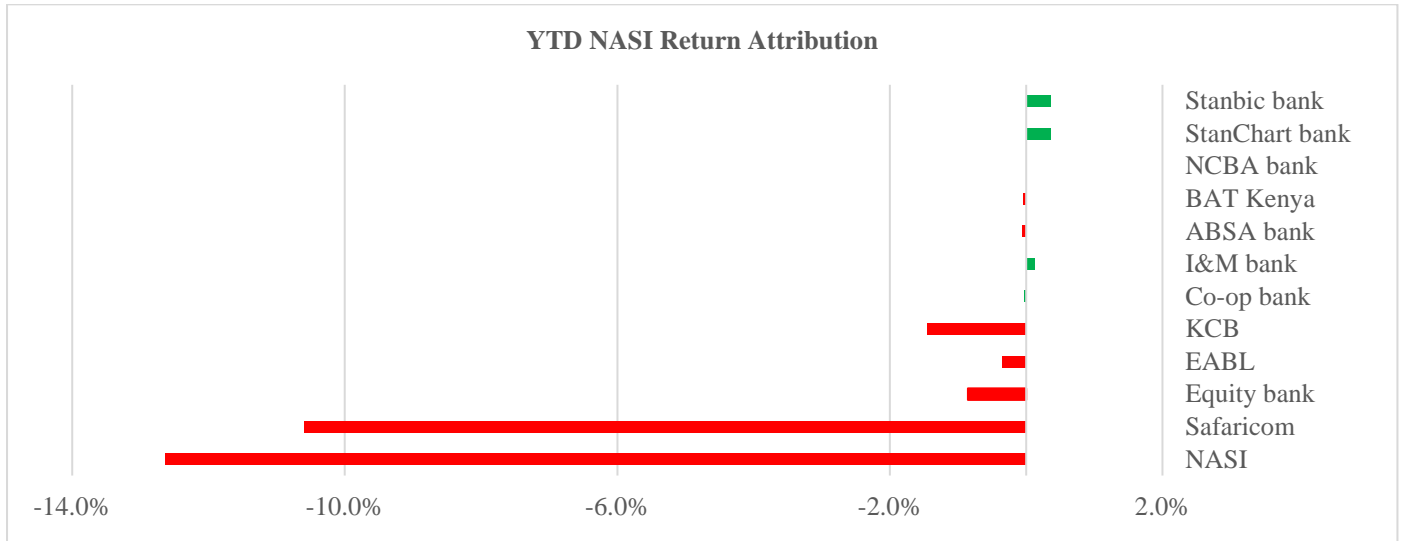
During the week, Safaricom rallied up to a 70-day on account of local demand. Similarly, Equity bank trended up to hit a 2-month high on the back of local buying.

Market performance over the past 12 months



Source: NSE

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



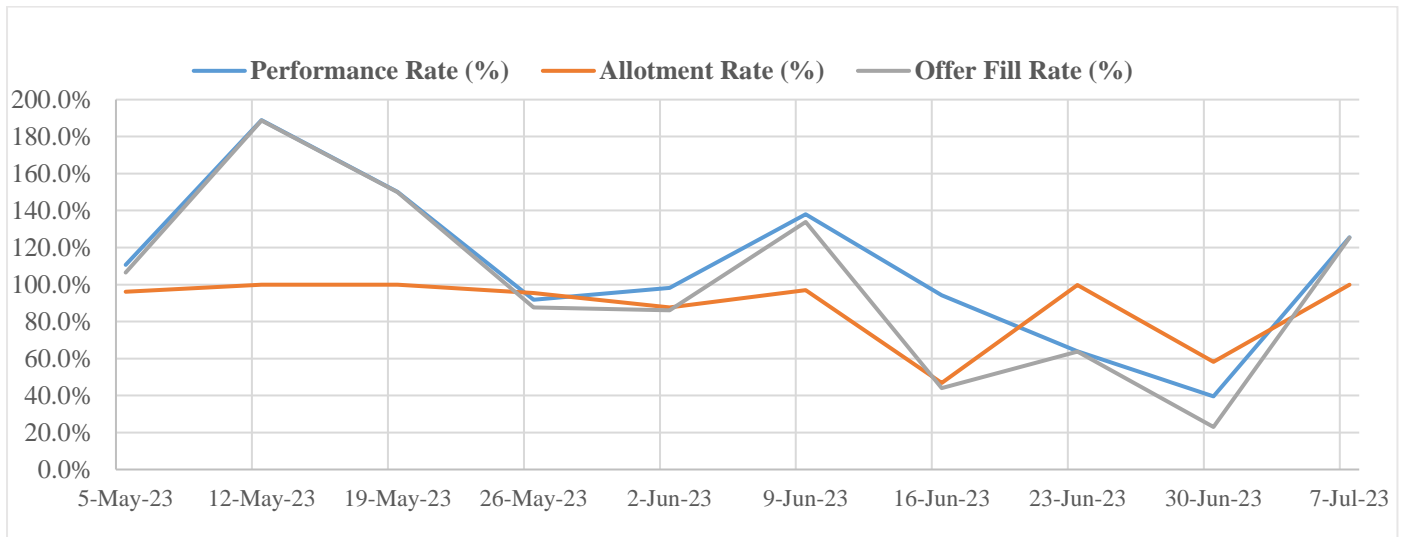
Source: Kestrel Research

Debt market trading commentary

Halting a 3-weeks declining streak, the overall subscription rates rose to 125.5%, up from 39.5% the previous week. Demand picked up on the 91-Day T-Bill but remained weak across all tenors. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched upwards for the twenty-seventh consecutive week while the yield on the 182-Day T-Bill went up for the fifth successive week.

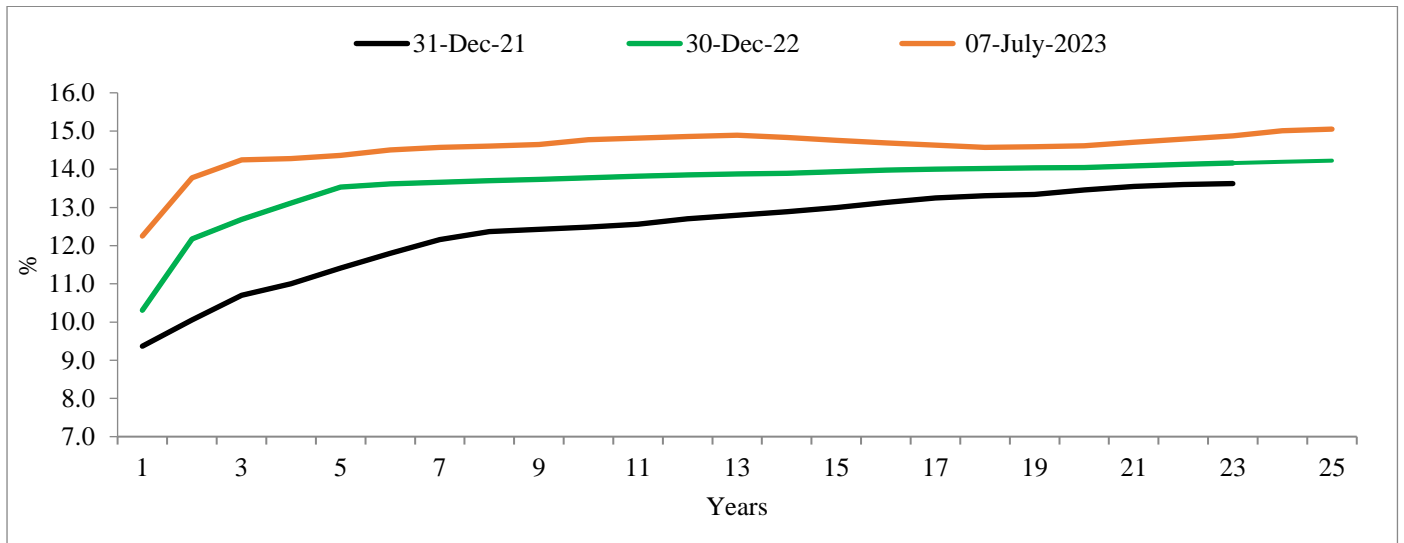
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 26.7bn for the 91-Day T-Bill, implying a subscription rate of 667.69%. It accepted bids worth KES 26.7bn at an average yield of 12.014% (+11.0bps w/w). The 182-Day T-Bill received bids worth KES 1.1bn, implying a performance rate of 11.43%. It accepted bids worth KES 1.1bn at an average yield of 12.199% (+25.2bps w/w). The 364-Day T-Bill received bids worth KES 2.3bn, implying a performance rate of 22.66%. It accepted bids worth KES 2.3bn at an average yield of 12.250% (+9.3bps w/w).

T-Bills Performance: Overall performance rates fall for the second successive week



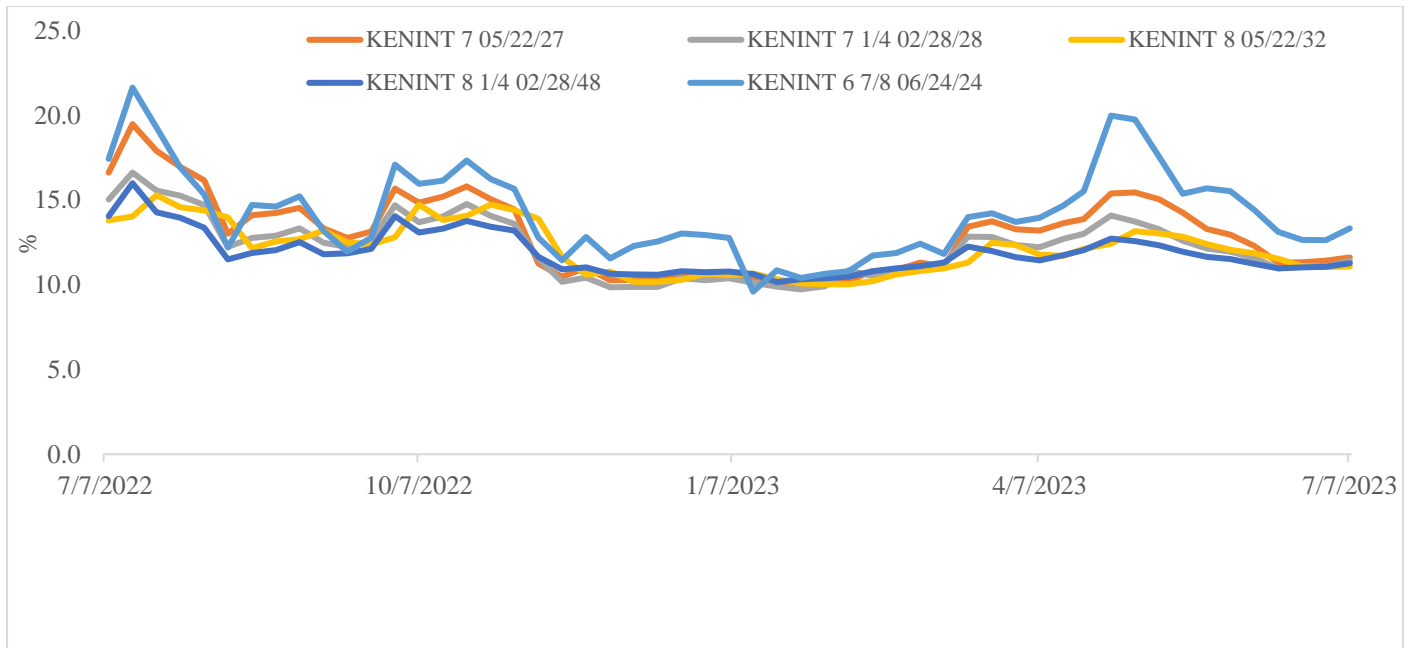
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors edge up 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	32.05	13.00	18.90	-21.7	5,373	43.4%	1.55	1.20	4.7	12.2	6.3	4.0	33.2	827,482
Equity Bank	Banking	Dec	53.25	35.80	40.00	-10.1	1,071	8.7%	12.10	3.00	48.7	3.3	7.5	0.8	24.8	283,449
EA Breweries	Breweries	Jun	187.00	137.00	158.75	-5.2	891	7.2%	15.00	11.00	20.5	10.6	6.9	7.7	73.2	116,987
KCB Bank	Banking	Dec	43.50	28.50	29.15	-23.5	665	5.4%	12.55	2.00	64.8	2.3	6.9	0.5	19.4	167,724
Co-op Bank	Banking	Dec	13.35	11.00	12.20	-0.8	508	4.1%	3.80	1.50	19.2	3.2	12.3	0.6	19.8	67,500
Absa Bank	Banking	Dec	12.95	10.10	12.10	-1.6	466	3.8%	2.96	1.35	12.5	4.1	11.2	1.0	23.7	45,344
NCBA Bank	Banking	Dec	40.90	23.95	39.40	0.1	461	3.7%	9.37	4.25	53.4	4.2	10.8	0.7	17.6	55,163
StanChart Bank	Banking	Dec	171.00	124.50	162.00	13.5	434	3.5%	35.25	22.00	159.8	4.6	13.6	1.0	22.1	31,506
Stanbic Bank	Banking	Dec	120.00	90.00	119.75	17.4	336	2.7%	27.49	12.60	141.9	4.4	10.5	0.8	19.4	39,515
BAT Kenya	Tobacco	Dec	479.75	401.50	450.50	-2.1	320	2.6%	68.92	57.00	163.8	6.5	12.7	2.7	42.1	60,843
I&M Holdings	Banking	Dec	21.00	15.85	18.50	8.8	217	1.8%	6.76	2.25	47.7	2.7	12.2	0.4	14.2	15,934
Bank of Kigali	Banking	Dec	37.00	27.00	30.40	-3.5	193	1.6%	7.66	3.28	43.7	4.0	10.8	0.7	17.5	12,761
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	154	1.2%	(2.79)	-	(14.7)	-	-	-	-	-
Umeme Ltd.	Power	Dec	17.75	6.62	9.98	34.5	115	0.9%	3.03	2.12	20.7	3.3	21.3	0.5	14.7	5,114
KenGen	Power	Jun	3.81	2.15	2.32	-28.0	109	0.9%	0.70	0.18	42.0	3.3	7.8	0.1	1.7	3,754
DTB Bank	Banking	Dec	55.25	44.00	50.00	0.0	99	0.8%	22.53	3.00	260.9	2.2	6.0	0.2	8.6	10,857
Jubilee Insurance	Insurance	Dec	265.00	148.25	189.00	-4.9	97	0.8%	82.21	14.00	618.5	2.3	7.4	0.3	13.3	5,298
Britam	Insurance	Dec	6.94	4.05	5.10	-1.9	91	0.7%	0.03	-	7.5	178.4	-	0.7	0.4	976
Total Oil	Oil	Dec	25.85	18.25	20.05	-15.9	90	0.7%	3.88	1.31	48.0	5.2	6.5	0.4	8.1	689
Bamburi Cement	Cement	Dec	38.35	23.25	25.90	-17.8	67	0.5%	2.15	3.58	0.1	12.0	13.8	315.4	2,618.6	13,325
Kakuzi	Agric	Dec	430.00	240.00	418.00	8.6	58	0.5%	43.15	24.00	303.5	9.7	5.7	1.4	14.2	297
Sasini Tea & Coffee	Agric	Sept	31.40	19.25	29.00	29.2	47	0.4%	3.82	1.00	61.7	7.6	3.4	0.5	6.2	856
Crown Paints	Manufac.	Dec	44.80	32.30	44.35	6.0	45	0.4%	5.13	4.00	24.1	8.6	9.0	1.8	21.3	383
Centum Investment	Finance	Mar	10.05	7.90	9.06	8.4	43	0.3%	(2.01)	0.59	65.1	-	6.5	0.1	(3.1)	3,888
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	38	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.17	1.54	1.84	0.5	37	0.3%	1.17	0.10	13.4	1.6	5.4	0.1	8.7	4,072
CIC Insurance	Insurance	Dec	2.15	1.68	1.95	0.0	36	0.3%	0.42	0.13	3.3	4.7	6.7	0.6	12.8	2,168
Carbacid	Gases	July	15.25	10.70	15.15	26.3	27	0.2%	2.98	0.70	13.6	5.1	4.6	1.1	21.9	4,086
Nation Media	Media	Dec	20.85	14.15	20.00	25.4	27	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	16,713
Kenya Power	Power	Jun	2.08	1.36	1.63	4.5	23	0.2%	(0.75)	-	30.2	-	-	0.1	(2.5)	7,431
Liberty K. Holdings	Insurance	Dec	7.48	3.60	4.24	-24.3	16	0.1%	0.15	-	15.9	27.8	-	0.3	1.0	75
TPSEA Serena	Tourism	Dec	17.50	10.85	11.65	-12.7	15	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	197
Housing Finance	Banking	Dec	5.08	2.86	4.82	51.1	13	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	968
NSE	Finance	Dec	8.02	5.62	6.30	-7.1	12	0.1%	0.05	0.20	7.1	119.1	3.2	0.9	0.7	3,668
BOC Kenya	Gases	Dec	90.25	65.00	77.00	8.8	11	0.1%	7.58	5.95	85.1	10.2	7.7	0.9	8.9	268
Unga Ltd	Food	Jun	34.75	15.00	18.60	-41.9	10	0.1%	2.48	-	58.3	7.5	-	0.3	4.2	74
WPP Scangroup	Media	Dec	3.95	2.57	2.97	-1.3	9	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	464
Car & Gen	Motors	Sept	49.00	25.00	29.50	-37.8	8	0.1%	26.33	3.20	135.8	1.1	10.8	0.2	19.4	201
Sanlam Kenya	Insurance	Dec	12.00	7.02	8.00	-16.5	8	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	75
Limuru Tea	Agric	Dec	510.00	320.00	410.00	-2.4	7	0.1%	4.73	2.50	80.9	86.7	0.6	5.1	5.8	1,819
Standard Newspapers	Media	Dec	14.75	8.16	9.08	-13.1	5	0.0%	(10.05)	-	0.4	-	-	20.6	(2,284.0)	19
Longhorn	Publishing	Jun	4.07	2.01	2.46	-18.0	5	0.0%	0.62	-	2.8	4.0	-	0.9	22.2	338
EA Portland	Cement	Jun	8.40	5.32	6.50	-4.4	4	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	24
TransCentury	Finance	Dec	1.30	0.61	0.63	-32.3	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	96
											Average	14.7	7.8	4.4	41.9	1,817,718

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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