

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	14.55	113.8%	BUY
Equity bank	43.67	37.90	15.2%	BUY
KCB bank	47.26	19.30	144.9%	BUY
Co-op bank	20.46	11.10	84.3%	BUY
ABSA bank	12.89	11.50	12.1%	HOLD
StanChart bank	138.26	161.00	-14.1%	HOLD
NCBA bank	40.68	38.00	7.1%	HOLD
I&M bank	33.32	17.50	90.4%	BUY
Stanbic bank	108.85	108.25	0.6%	HOLD
DTB bank	116.13	46.00	152.5%	BUY
EABL	164.58	111.75	47.3%	BUY
Bamburi Cement	51.96	41.35	25.7%	BUY
BAT Kenya	544.27	403.50	34.9%	BUY

*banks' fair values have been updated

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Bamburi Cement sustained its rally to cross a 12-month high on account of local demand. KCB bank hit a 10-day high on the back of local demand.

Debt market commentary and outlook

- Overall subscription rates grew to 156.9%, up from 100.3% the previous week. Investors were biased on the 91-Day T-Bill but were weak on the 182-Day T-Bill and 364-Day T-Bill for the twentieth straight week. The yield on the 91-Day T-Bill notched up for the fifteenth successive week and the yield on the 182-Day T-Bill edged up for the sixteenth consecutive week and the yield on the 364-Day T-Bill trended up for the tenth week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,513.2	1.3%	6.6%	-1.7%	-5.1%	-8.1%	-9.7%
Kenya NASI Return	93.9	1.8%	5.6%	-4.3%	-11.2%	-25.7%	-26.3%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.7%	4.6%	-9.3%	-19.5%	-40.5%	-40.7%
Johannesburg Index	-4.3%	-0.2%	1.1%	-5.5%	-9.5%	-9.3%
Nigeria Stock Exchange	-1.4%	1.3%	0.9%	-24.7%	-18.7%	-19.8%
Ghana Stock Exchange	-1.4%	-2.8%	-2.9%	11.8%	36.0%	7.9%
Egyptian Stock Exchange	-0.2%	1.5%	27.4%	41.1%	32.5%	35.5%
MSCI EFM ex SA Index	0.2%	1.8%	5.1%	3.9%	-0.8%	2.9%

Other market statistics

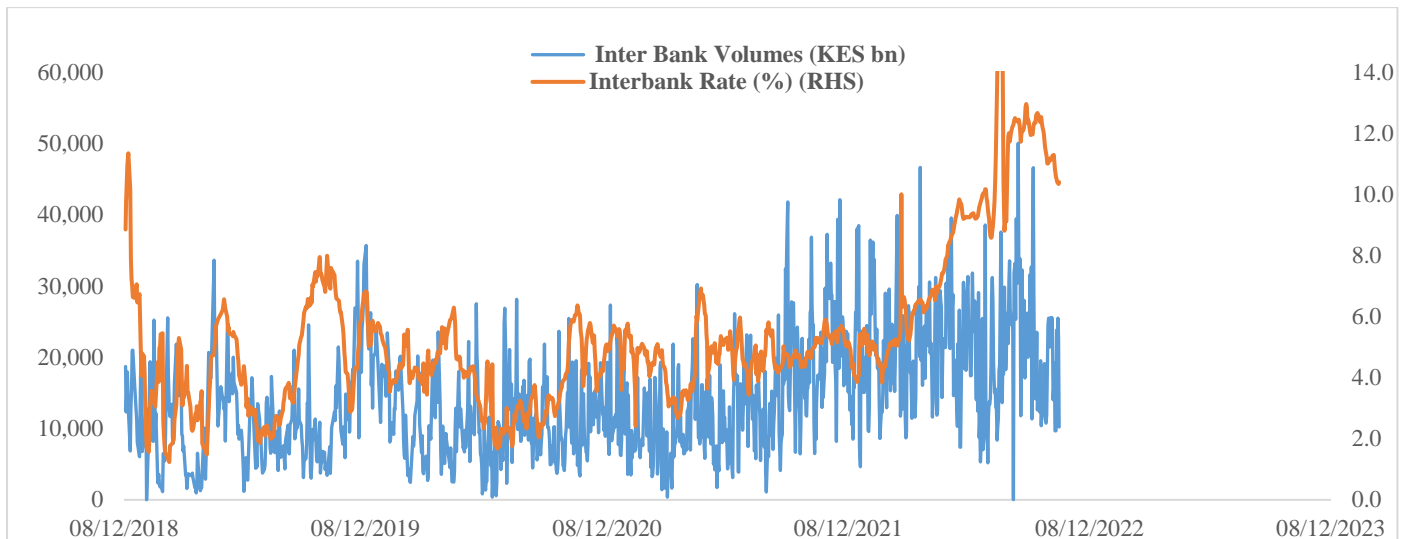
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	153.4	-0.1%	-0.9%	-4.7%	-9.2%	-19.9%	-19.5%
USD/ZAR	19.0	-1.6%	-1.2%	0.9%	-1.3%	-8.4%	-10.1%
USD/EGP	30.9	0.0%	0.0%	0.0%	-2.9%	-20.4%	-19.8%
USD/NGN	802.0	-1.5%	0.4%	-3.9%	-96.1%	-44.5%	-42.5%
USD/GHS	12.0	-0.1%	-0.7%	-4.8%	-5.7%	7.4%	-15.5%

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	1,079.3	-808.7	54.8%	3.6%	-39.8%	-41.8%	24.9%
Equity bank	56.0	-12.8	79.4%	-0.3%	-14.8%	-19.2%	6.6%
KCB bank	46.7	-4.3	73.5%	1.6%	-49.3%	-50.8%	22.5%
Stanbic bank	43.2	-20.7	25.1%	6.1%	6.1%	-16.6%	17.7%
EABL	34.1	2.7	78.0%	-1.8%	-33.3%	-40.2%	0.0%

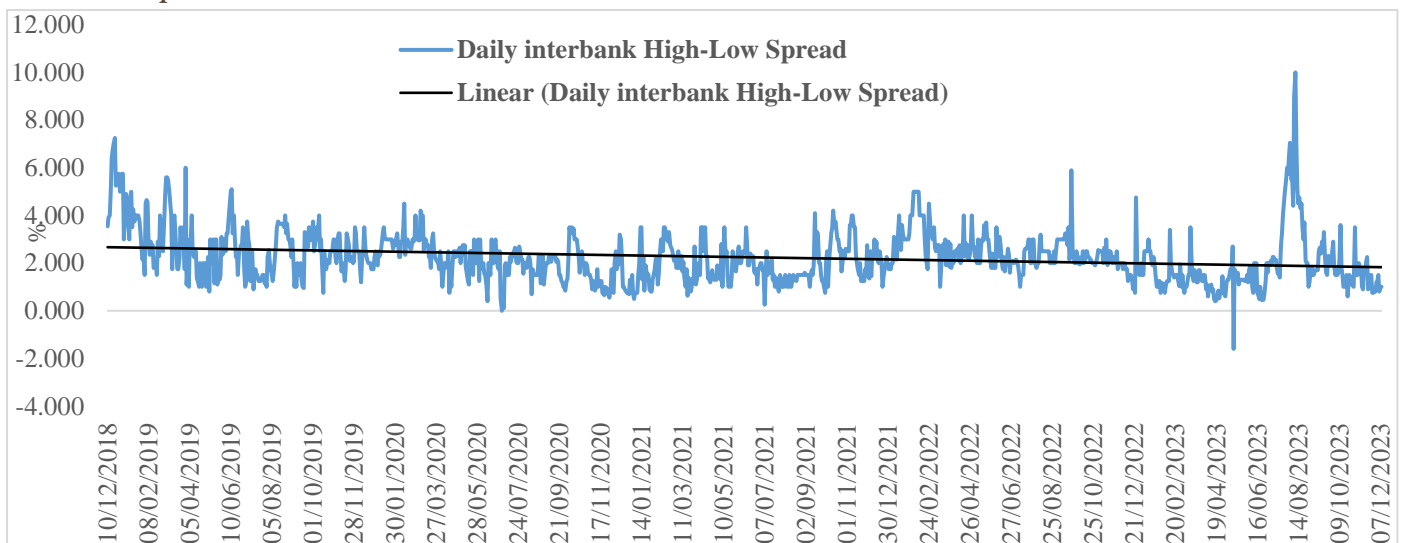
Key Rates and Spreads

Inter-bank rates decrease for the second consecutive week



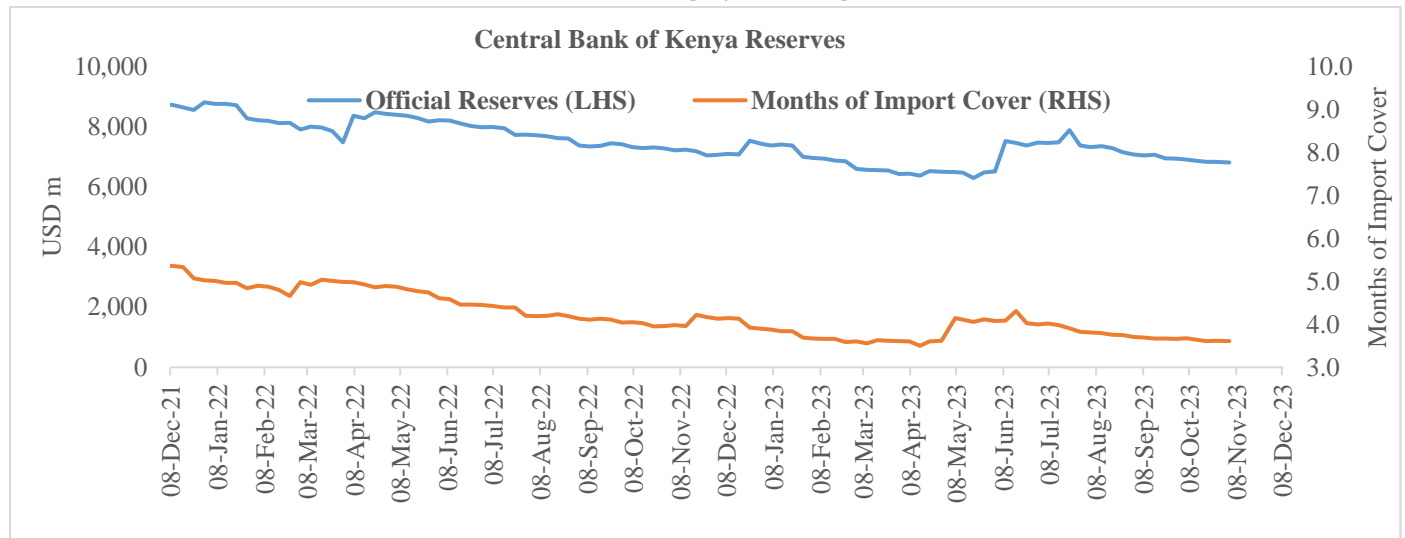
Source: CBK

Inter-bank spreads narrow for the third week in a row



Source: CBK

Months of import cover & CBK FX reserves remain largely unchanged



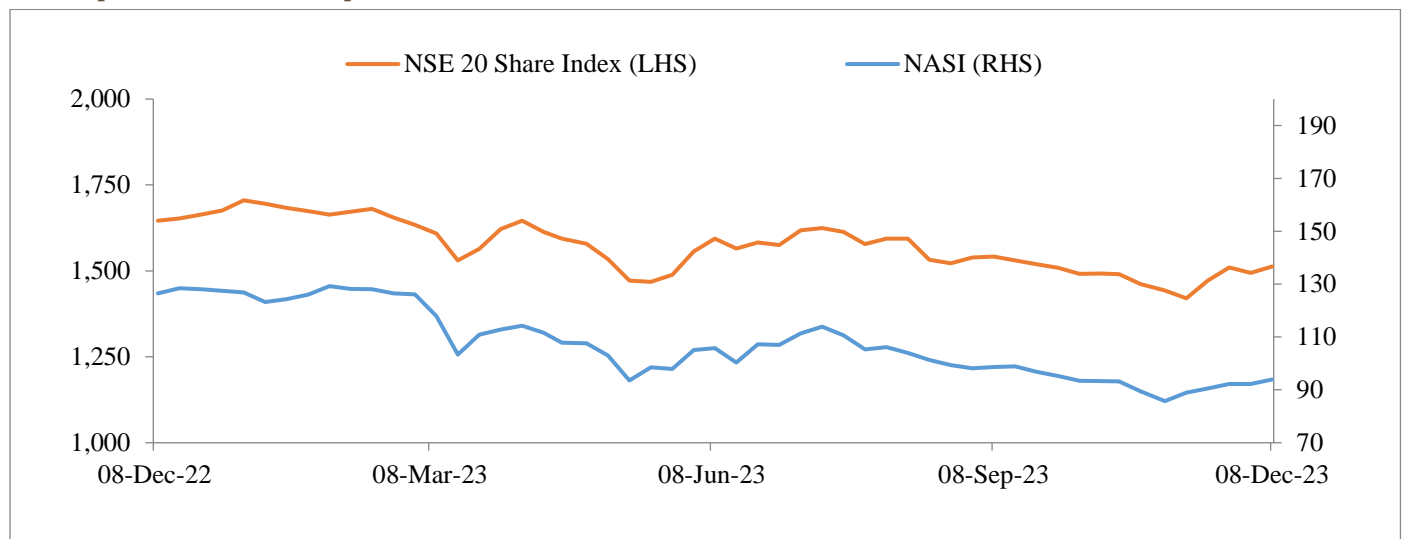
Source: CBK

Equity market trading commentary

For the third successive week, turnover grew by 16.6% w/w to settle at USD 8.8m (KES 1.4bn). For the fifth straight week, the NASI edged up 1.8% to 93.94 and the NSE 20 rose 1.3% w/w to finish at 1,513.19. Foreign investors were net seller at USD 5.6m (KES 860.5m). Foreign investors drove trading at 53.2% of total turnover, down from 79.7% recorded last week. Safaricom marked the highest net foreign outflows at USD 5.3m (KES 808.7m). On the other hand, EABL saw the highest net foreign inflows at USD 17.4k (KES 2.7m).

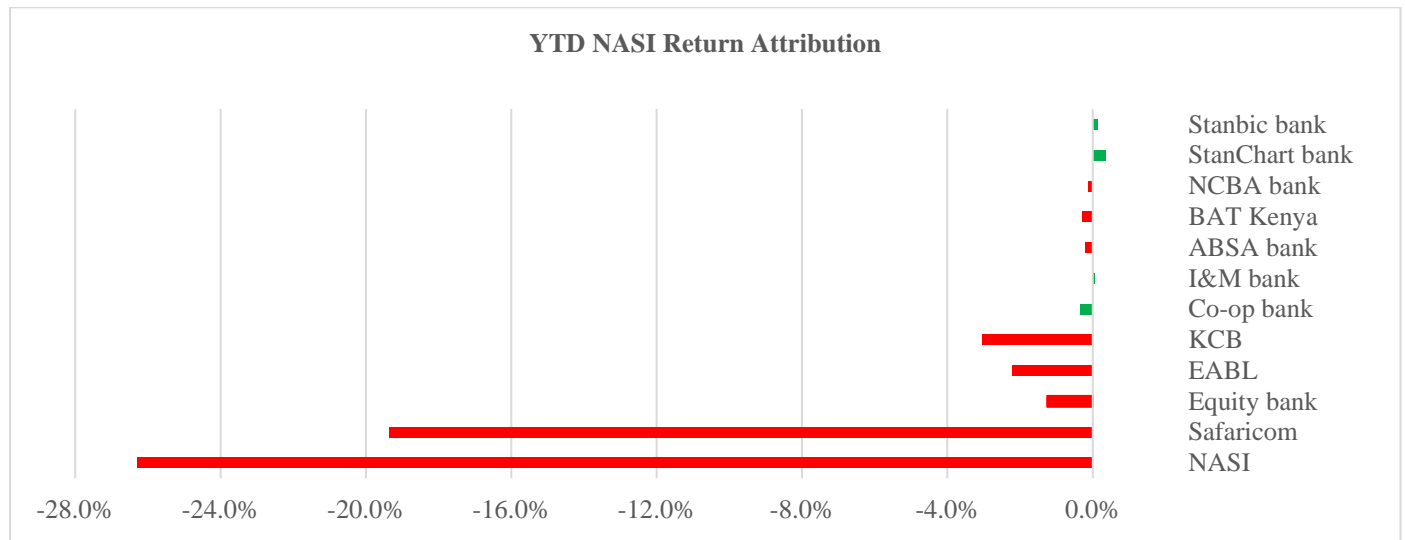
During the week, Bamburi Cement sustained its rally to cross a 12-month high on account of local demand. KCB bank hit a 10-day high on the back of local demand.

Market performance over the past 12 months



Source: NSE

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



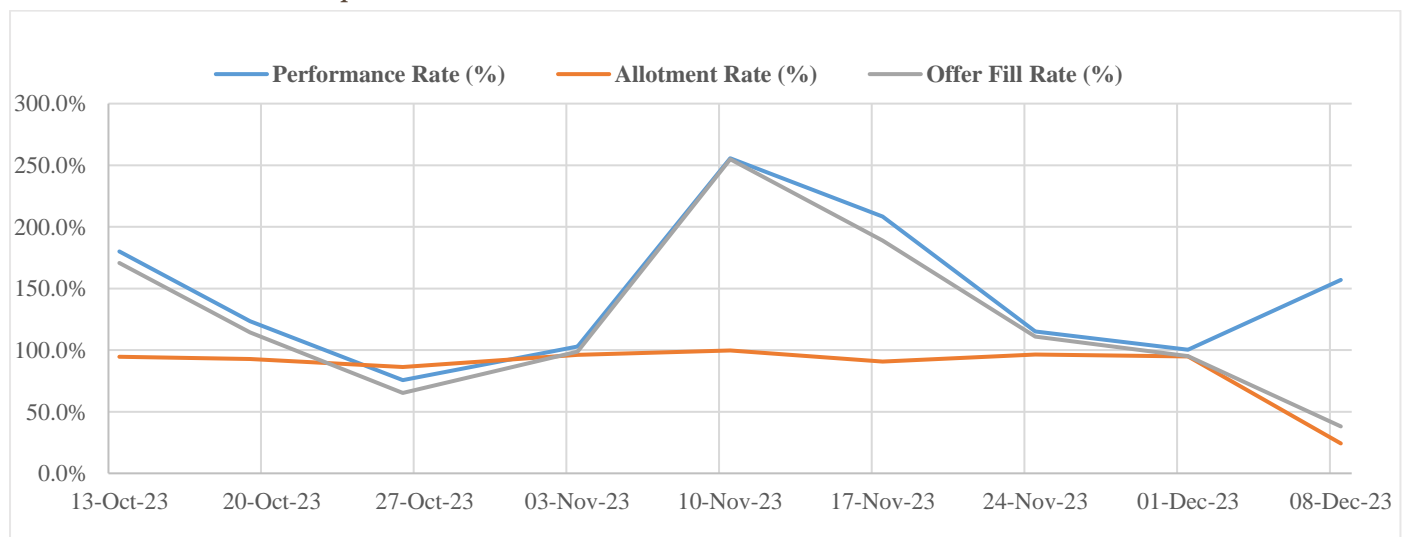
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates grew to 156.9%, up from 100.3% the previous week. Investors were biased on the 91-Day T-Bill but were weak on the 182-Day T-Bill and 364-Day T-Bill for the twentieth straight week. The yield on the 91-Day T-Bill notched up for the fifteenth successive week and the yield on the 182-Day T-Bill edged up for the sixteenth consecutive week and the yield on the 364-Day T-Bill trended up for the tenth week in a row.

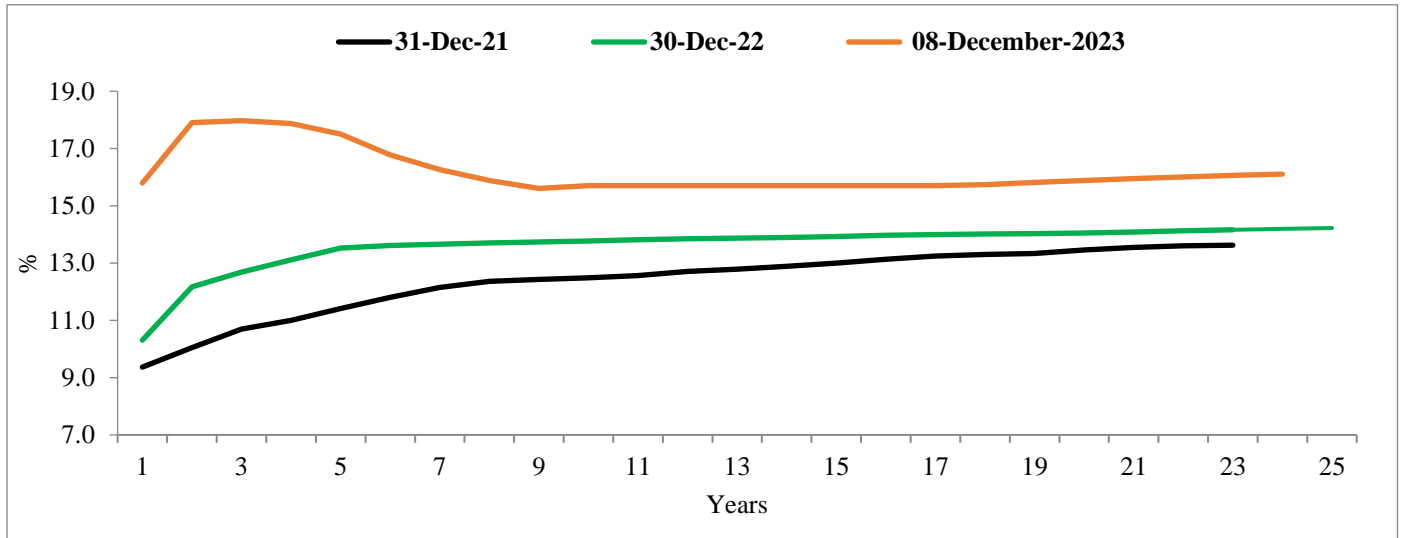
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 31.4bn for the 91-Day T-Bill, implying a subscription rate of 786.08%. It accepted bids worth KES 29.3bn at an average yield of 15.635% (+10.6bps w/w). The 182-Day T-Bill received bids worth KES 5.4bn, implying a performance rate of 54.12%. It accepted bids worth KES 5.4bn at an average yield of 15.749% (+19.8bps w/w). The 364-Day T-Bill received bids worth KES 0.8bn, implying a performance rate of 8.0%. It accepted bids worth KES 0.8bn at an average yield of 15.795% (+6.8bps w/w).

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



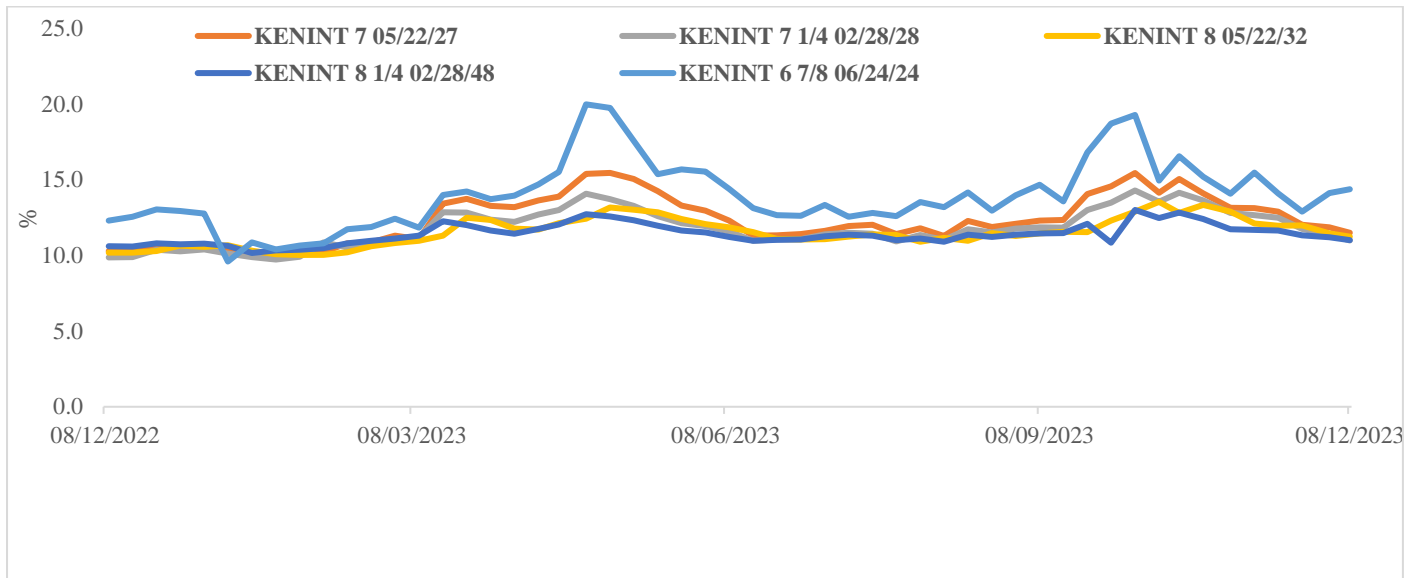
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across tenors decline for the seventh straight week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12-M High	12-M Low	Price	YTD	Market Cap	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹	
Safaricom	Telecom	Mar	25.00	11.65	14.55	-39.8	3,802	39.5%	1.55	1.20	4.7	9.4	8.2	3.1	33.2	692,455	
Equity Bank	Banking	Dec	46.90	35.55	37.90	-14.8	933	9.7%	12.22	3.00	48.7	3.1	7.9	0.8	25.1	170,808	
EA Breweries	Breweries	Jun	187.00	111.75	111.75	-33.3	576	6.0%	12.47	5.50	27.1	9.0	4.9	4.1	46.1	19,794	
Co-op Bank	Banking	Dec	13.35	10.20	11.10	-9.8	425	4.4%	3.98	1.50	18.4	2.8	13.5	0.6	21.6	40,261	
NCBA Bank	Banking	Dec	41.70	30.70	38.00	-3.4	408	4.2%	9.48	4.00	53.7	4.0	10.5	0.7	17.6	21,633	
Absa Bank	Banking	Dec	12.95	10.10	11.50	-6.5	407	4.2%	2.98	1.35	12.0	3.9	11.7	1.0	24.8	33,696	
KCB Bank	Banking	Dec	39.20	15.75	19.30	-49.3	404	4.2%	12.47	2.00	68.1	1.5	10.4	0.3	18.3	84,566	
StanChart Bank	Banking	Dec	171.00	135.25	161.00	12.8	397	4.1%	34.62	22.00	158.0	4.6	13.7	1.0	21.9	20,246	
Stanbic Bank	Banking	Dec	129.75	92.00	108.25	6.1	279	2.9%	28.71	13.75	140.8	3.8	12.7	0.8	20.4	15,545	
BAT Kenya	Tobacco	Dec	479.75	401.25	403.50	-12.3	263	2.7%	68.92	57.00	163.8	5.9	14.1	2.5	42.1	30,604	
Bank of Kigali	Banking	Dec	37.00	28.45	36.00	14.3	211	2.2%	7.55	3.28	46.8	4.8	9.1	0.8	16.1	2,275	
I&M Holdings	Banking	Dec	21.00	15.85	17.50	2.9	189	2.0%	7.35	2.25	47.8	2.4	12.9	0.4	15.4	7,064	
Umeme Ltd.	Power	Dec	17.75	6.98	14.90	100.8	158	1.6%	3.03	2.12	20.7	4.9	14.2	0.7	14.7	4,276	
Bamburi Cement	Cement	Dec	41.35	22.50	41.35	31.3	98	1.0%	2.15	3.58	82.1	19.2	8.7	0.5	2.6	13,945	
KenGen	Power	Jun	3.29	2.04	2.04	-36.6	88	0.9%	0.76	0.30	41.6	2.7	14.7	0.0	1.8	9,076	
Jubilee Insurance	Insurance	Dec	200.00	148.25	185.00	-6.9	87	0.9%	68.38	14.00	613.8	2.7	7.6	0.3	11.1	8,392	
DTB Bank	Banking	Dec	55.25	44.00	46.00	-8.0	84	0.9%	22.56	5.00	256.8	2.0	10.9	0.2	8.8	6,287	
Britam	Insurance	Dec	5.68	4.05	5.02	-3.5	83	0.9%	0.53	-	9.2	9.5	-	0.5	5.7	90,288	
Kakuzi	Agric	Dec	430.00	240.00	385.00	0.0	49	0.5%	43.15	24.00	303.5	8.9	6.2	1.3	14.2	402	
CIC Insurance	Insurance	Dec	2.52	1.68	2.30	17.9	39	0.4%	0.42	0.13	3.3	5.5	5.7	0.7	12.8	1,680	
Centum Investment	Finance	Mar	9.50	8.00	8.66	3.6	38	0.4%	(8.95)	0.60	55.8	-	6.9	0.2	(16.1)	6,986	
Crown Paints	Manufac.	Dec	44.80	32.30	35.90	-14.2	33	0.3%	5.13	4.00	24.1	7.0	11.1	1.5	21.3	226	
Kenya Re	Insurance	Dec	2.02	1.54	1.76	-3.8	32	0.3%	1.17	0.10	13.4	1.5	5.7	0.1	8.7	2,141	
Sasini Tea & Coffee	Agric	Sept	31.40	18.20	19.70	-12.2	29	0.3%	3.82	1.00	61.7	5.2	5.1	0.3	6.2	512	
Carbacid	Gases	July	17.55	11.95	15.40	28.3	26	0.3%	2.98	0.70	13.6	5.2	4.5	1.1	21.9	2,306	
Nation Media	Media	Dec	21.00	14.15	20.50	28.5	25	0.3%	16.74	1.49	43.1	1.2	7.2	0.5	38.9	12,005	
Kenya Power	Power	Jun	1.70	1.37	1.40	-10.3	18	0.2%	(1.64)	-	29.1	-	-	0.0	(5.6)	3,534	
TPSEA Serena	Tourism	Dec	15.45	10.85	13.00	-2.6	15	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	152	
Liberty K. Holdings	Insurance	Dec	5.68	3.45	3.60	-35.7	13	0.1%	0.15	-	15.9	23.6	-	0.2	1.0	62	
BOC Kenya	Gases	Dec	90.25	65.00	84.50	19.4	11	0.1%	7.58	5.95	85.1	11.1	7.0	1.0	8.9	374	
NSE	Finance	Dec	7.00	5.52	6.08	-10.3	10	0.1%	0.05	0.20	7.1	115.0	3.3	0.9	0.7	519	
Housing Finance	Banking	Dec	5.10	3.01	3.59	12.5	9	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	6,344	
Unga Ltd	Food	Jun	32.00	14.00	15.30	-52.2	8	0.1%	2.48	-	58.3	6.2	-	0.3	4.2	31	
Sanlam Kenya	Insurance	Dec	9.68	6.54	7.30	-23.8	7	0.1%	(3.77)	-	3.9	-	-	1.9	(97.1)	62	
Car & Gen	Motors	Sept	49.00	21.30	24.00	-49.4	6	0.1%	26.33	3.20	135.8	0.9	13.3	0.2	19.4	67	
												Average	10.1	9.0	1.9	24.8	1,314,865

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