

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	24.30	44.9%	BUY
Equity bank	70.69	45.00	57.1%	BUY
KCB bank	68.17	36.90	84.7%	BUY
Co-op bank	19.83	12.10	63.9%	BUY
ABSA bank	14.44	12.00	20.3%	BUY
StanChart bank	122.25	146.00	-16.3%	SELL
NCBA bank	43.98	35.10	25.3%	BUY
I&M bank	32.61	16.75	94.7%	BUY
Stanbic bank	109.98	92.00	19.5%	BUY
DTB bank	130.90	48.30	171.0%	BUY
EABL	223.42	167.00	33.8%	BUY
Bamburi Cement	60.07	31.45	91.0%	BUY
BAT Kenya	549.38	440.00	24.9%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, on the back of foreign and local selling, Safaricom dropped to a 45-day low. On account of foreign investors' sell-off, KCB bank touched a 10-day low. NCBA bank rallied to a 3-year high driven by continued local demand.

Debt market commentary and outlook

- Halting a 3-weeks declining streak, overall subscription rates increased to 97.1%, up from 82.4% registered the previous week, boosted by continued activity on the 91-Day T-Bill. Its yield maintained an upward trend for the twenty-eight straight week. The yield on the 182-day T-Bill edged up for the nineteenth week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,646.4	-0.2%	-1.2%	-6.4%	-1.8%	-11.3%	-13.5%
Kenya NASI Return	126.5	0.0%	-1.3%	-7.9%	-2.6%	-22.3%	-24.0%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	-1.9%	-14.4%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	-3.1%	-21.4%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-1.1%	-1.8%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-1.1%	-1.7%	-10.2%	-6.9%	-27.6%	-30.1%
Johannesburg Index	-0.7%	9.9%	9.0%	-7.7%	-5.1%	-8.2%
Nigeria Stock Exchange	1.3%	8.4%	-7.1%	-14.9%	6.0%	7.6%
Ghana Stock Exchange	3.6%	0.5%	-30.1%	-46.1%	-62.1%	-61.2%
Egyptian Stock Exchange	6.8%	19.6%	7.5%	3.5%	-22.9%	-27.0%
MSCI EFM ex SA Index	2.7%	8.2%	-2.6%	-9.3%	-23.4%	-24.7%

Other market statistics

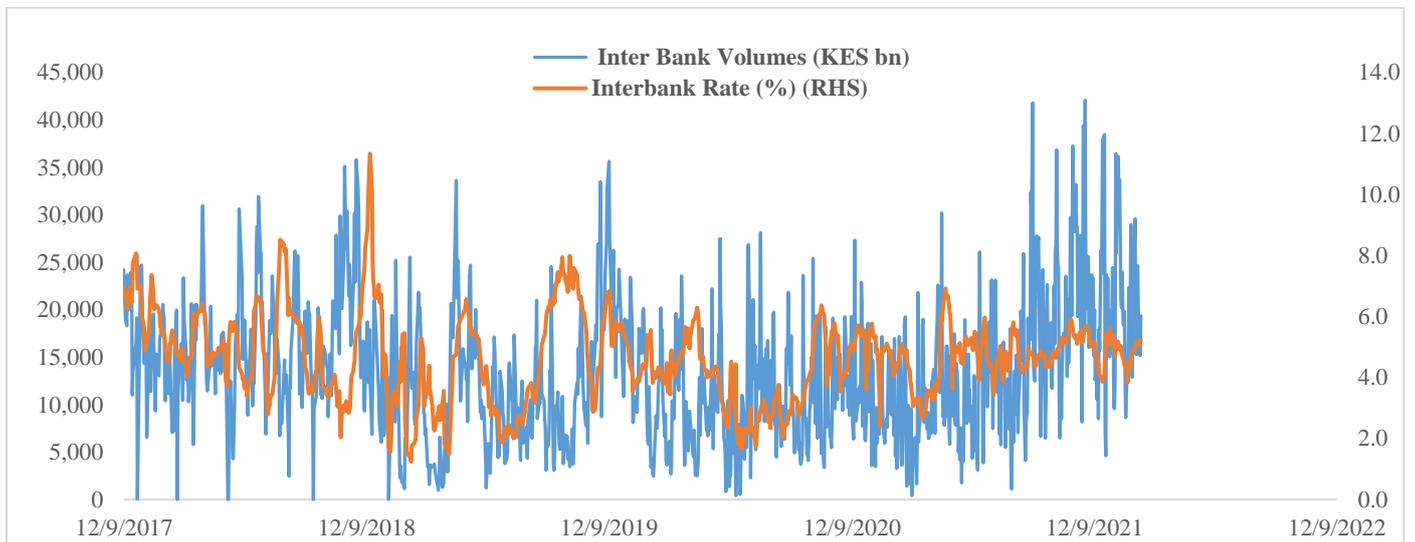
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	122.8	-0.2%	-0.8%	-2.0%	-4.7%	-8.1%	-7.9%
USD/ZAR	17.4	0.9%	-0.7%	-0.3%	-10.0%	-7.8%	-8.1%
USD/EGP	24.6	-0.1%	-0.9%	-21.5%	-23.9%	-36.1%	-36.1%
USD/NGN	445.3	-0.1%	-0.4%	-2.2%	-5.8%	-6.9%	-4.7%
USD/GHS	12.9	8.5%	12.1%	-21.5%	-38.6%	-52.3%	-52.1%

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	429.4	-285.3	59.2%	-0.2%	-36.0%	-39.3%	5.2%
ABSA New Gold ETF	251.1	0.0	100.0%	0.0%	-11.2%	-12.4%	0.0%
BAT Kenya	209.2	-85.9	79.4%	1.1%	-0.3%	-13.6%	8.9%
KCB bank	119.7	-42.2	17.7%	-2.3%	-18.8%	-21.5%	5.4%
StanChart bank	109.6	-1.2	0.6%	-0.2%	13.8%	-0.2%	18.0%

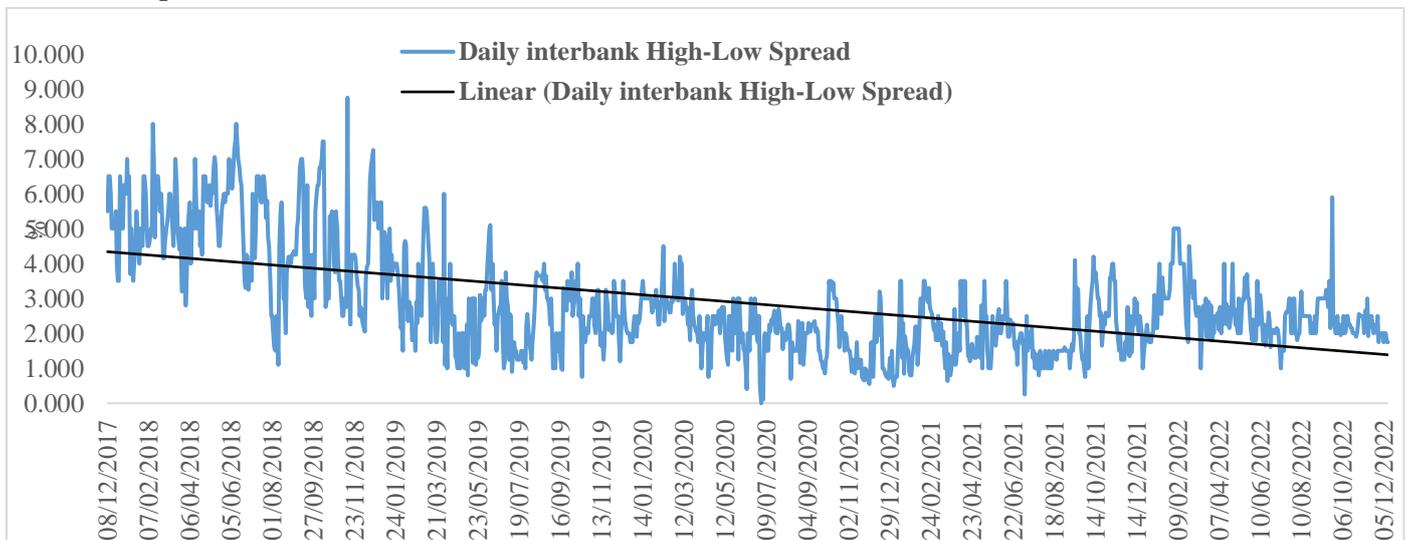
Key Rates and Spreads

Inter-bank rate rises for the third consecutive week



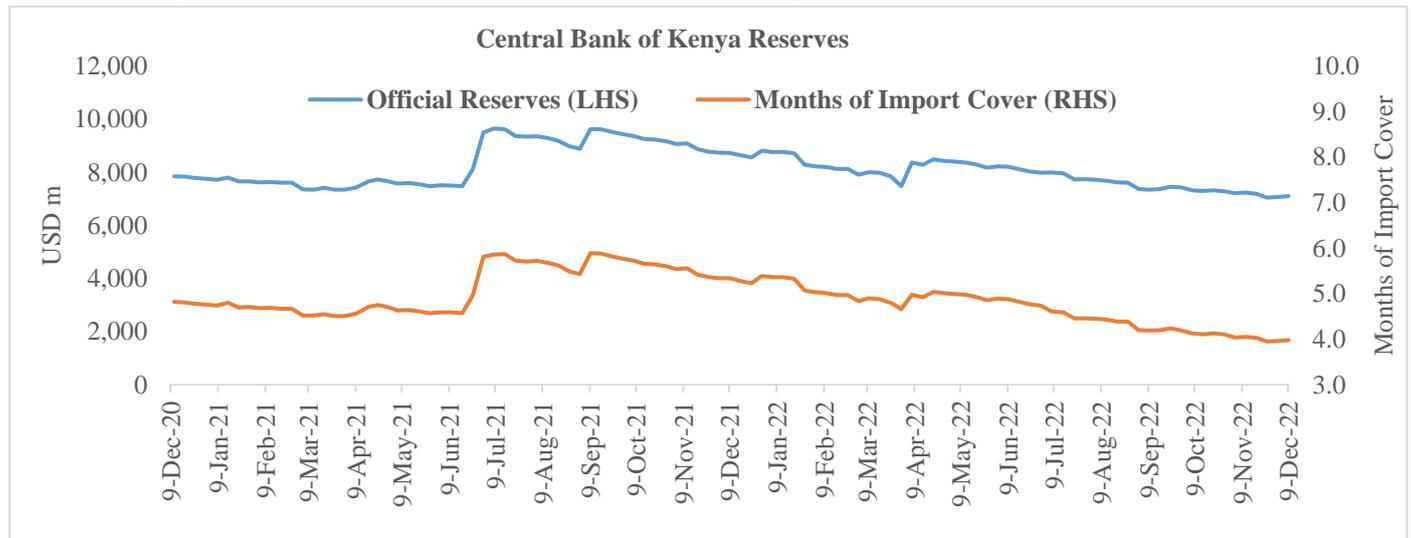
Source: CBK

Inter-bank spreads decline week-on-week



Source: CBK

Months of import cover and CBK FX reserves increase modestly for the second successive week



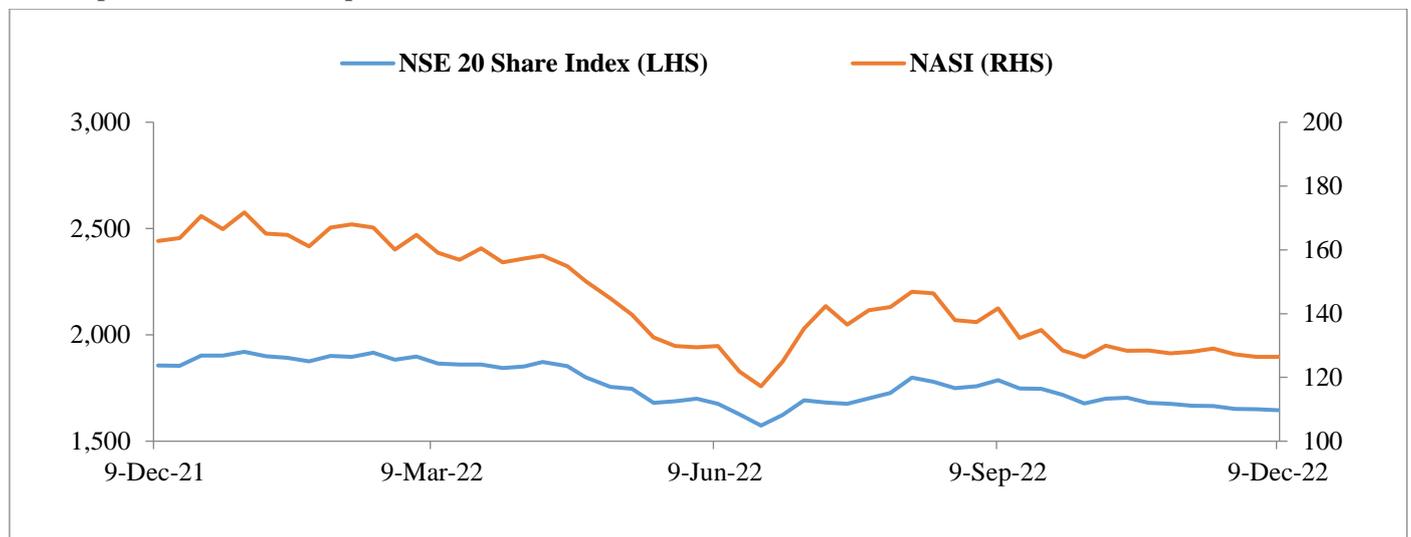
Source: CBK

Equity market trading commentary

Equity turnover further reduced by 13.3% w/w to end at USD 9.1m (KES 1.1bn). After two consecutive declines, the NASI held fairly steady at 126.46. For the seventh successive week, the NSE 20 edged down 0.2% w/w to 1,646.41. Foreign investors remained overall net sellers at USD 3.5m (KES 432.1m). Foreign trading led activity at the bourse at 66.4% of total turnover, up from 46.6% printed last week. Safaricom (USD 2.3m, KES 285.3m), BAT Kenya (USD 0.7m, KES 85.9m) and KCB bank (USD 0.3m, KES 42.2m) marked the highest net foreign outflows. On the other hand, Equity bank registered the highest net foreign inflows at USD 0.1m (KES 12.9m).

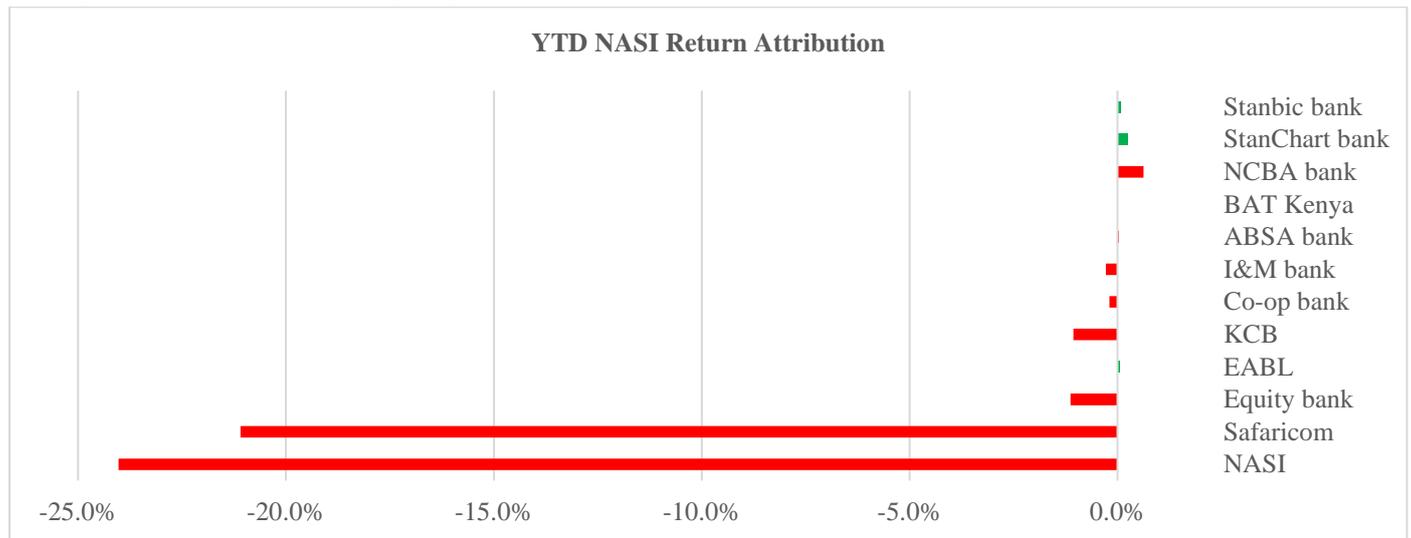
During the week, on the back of foreign and local selling, Safaricom dropped to a 45-day low. On account of foreign investors' sell-off, KCB bank touched a 10-day low. NCBA bank rallied to a 3-year high driven by continued local demand.

Market performance over the past 12 months



Source: NSE

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



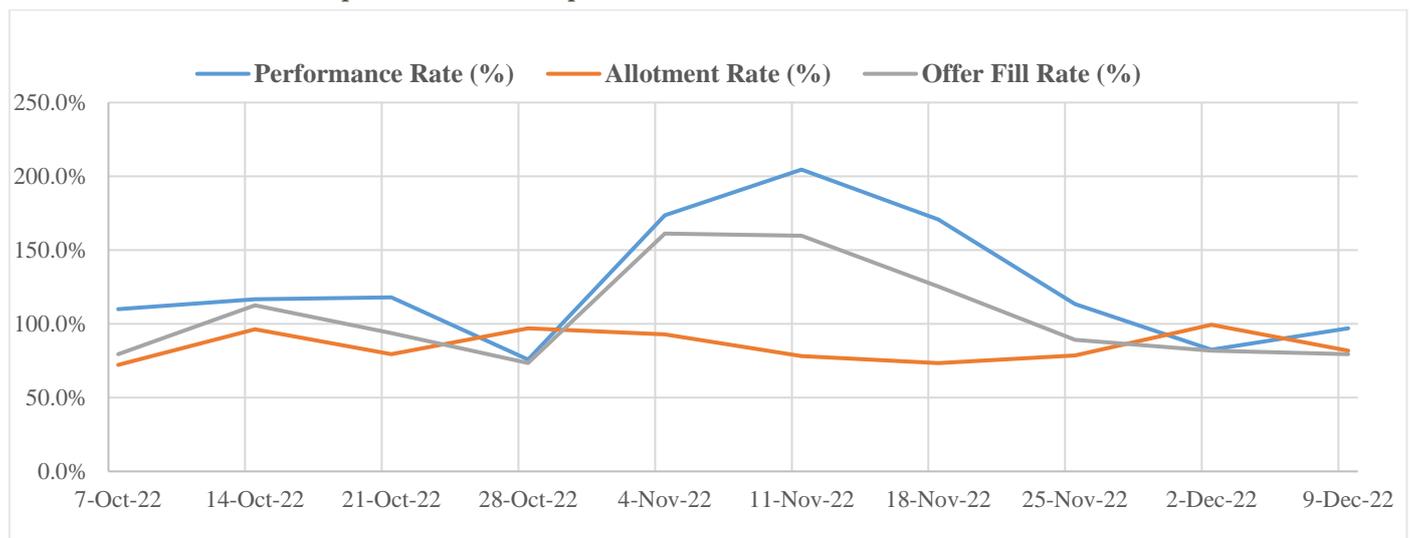
Source: Kestrel Research

Debt market trading commentary

Halting a 3-weeks declining streak, overall subscription rates increased to 97.1%, up from 82.4% registered the previous week, boosted by continued activity on the 91-Day T-Bill. Its yield maintained an upward trend for the twenty-eight straight week. The yield on the 182-day T-Bill edged up for the nineteenth week in a row.

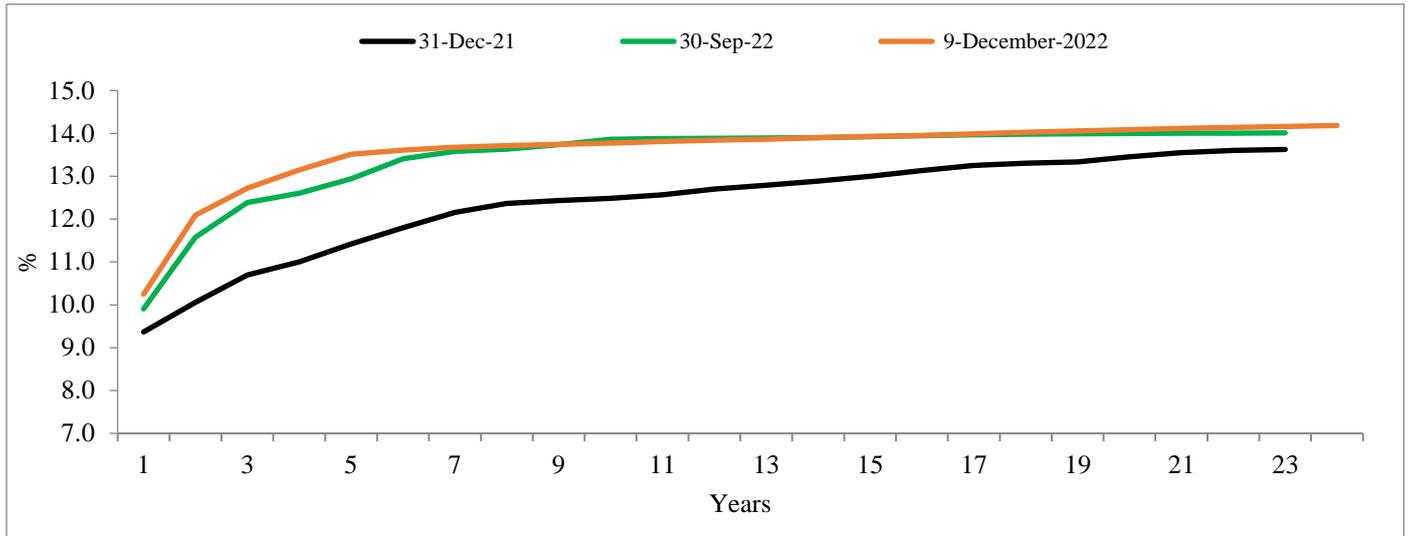
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 16.7bn for the 91-Day T-Bill, implying a subscription rate of 416.34%. It accepted bids worth KES 13.7bn at an average yield of 9.327% (+5.2bps w/w). The 182-Day T-Bill received bids worth KES 4.5bn, implying a performance rate of 44.91%. It accepted bids worth KES 3.5bn at an average yield of 9.796% (+4.4bps w/w). The 364-Day T-Bill received bids worth KES 2.1bn, implying a performance rate of 21.48%. It accepted bids worth KES 1.8bn at an average yield of 10.245% (+2.0w/w).

T-Bills Performance: Overall performance went up after three consecutive declines



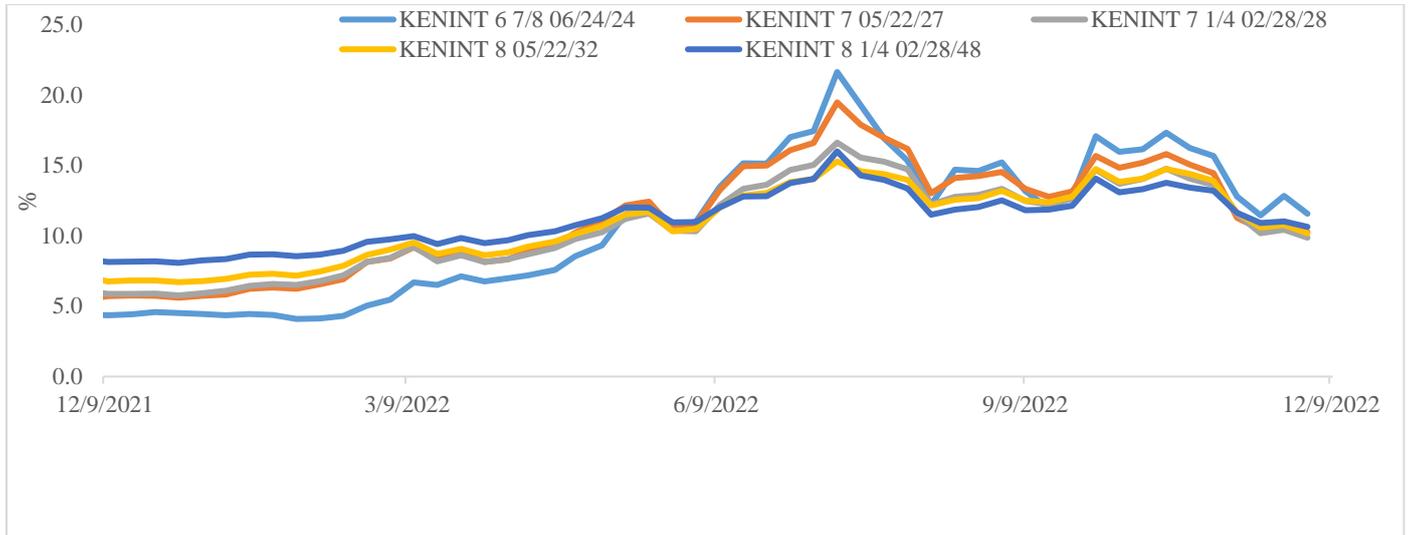
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors edged upwards 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	40.00	23.10	24.30	-36.0	7,929	49.1%	1.74	1.39	3.5	14.0	5.7	7.0	49.9	1,108,182
Equity Bank	Banking	Dec	53.50	39.00	45.00	-14.7	1,383	8.6%	12.24	3.00	40.8	3.7	6.7	1.1	30.0	376,325
EA Breweries	Breweries	Jun	170.75	110.00	167.00	1.2	1,075	6.7%	15.00	11.00	20.5	11.1	6.6	8.1	73.2	180,244
KCB Bank	Banking	Dec	47.00	35.00	36.90	-18.8	966	6.0%	12.25	3.00	58.4	3.0	8.1	0.6	21.0	226,954
Co-op Bank	Banking	Dec	13.30	10.70	12.10	-6.6	578	3.6%	3.75	1.00	17.2	3.2	8.3	0.7	21.8	37,570
Absa Bank	Banking	Dec	12.70	9.70	12.00	1.3	531	3.3%	2.15	1.10	10.9	5.6	9.2	1.1	19.7	29,332
NCBA Bank	Banking	Dec	35.10	23.00	35.10	39.3	471	2.9%	10.02	4.25	49.1	3.5	12.1	0.7	20.4	92,355
StanChart Bank	Banking	Dec	146.25	123.75	146.00	13.8	449	2.8%	30.18	13.00	146.8	4.8	8.9	1.0	20.6	42,513
BAT Kenya	Tobacco	Dec	509.00	404.00	440.00	-0.3	358	2.2%	67.10	55.00	129.1	6.6	12.5	3.4	52.0	106,774
Stanbic Bank	Banking	Dec	108.00	86.75	92.00	5.4	296	1.8%	22.99	7.30	127.4	4.0	7.9	0.7	18.0	7,344
I&M Holdings	Banking	Dec	21.50	16.50	16.75	-20.6	226	1.4%	5.74	1.50	41.4	2.9	9.0	0.4	13.9	17,846
Bank of Kigali	Banking	Dec	32.75	26.35	30.00	3.4	219	1.4%	7.95	3.28	41.8	3.8	10.9	0.7	19.0	1,185
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	177	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.55	3.21	3.23	-22.9	173	1.1%	0.16	0.18	32.4	20.3	5.6	0.1	0.5	11,469
Total Oil	Oil	Dec	25.85	21.75	25.10	0.4	129	0.8%	4.35	1.31	45.4	5.8	5.2	0.6	9.6	945
Jubilee Insurance	Insurance	Dec	336.00	187.75	200.00	-36.9	118	0.7%	94.22	14.00	544.4	2.1	7.0	0.4	17.3	5,742
DTB Bank	Banking	Dec	60.00	46.00	48.30	-18.8	110	0.7%	17.27	3.00	250.7	2.8	6.2	0.2	6.9	29,932
Britam	Insurance	Dec	7.68	5.00	5.00	-33.3	103	0.6%	0.03	-	7.5	174.9	-	0.7	0.4	2,801
Bamburi Cement	Cement	Dec	39.00	29.90	31.45	-17.2	93	0.6%	2.15	3.58	0.1	14.6	11.4	383.0	2,618.6	5,948
Umeme Ltd.	Power	Dec	8.30	5.50	7.02	4.2	93	0.6%	2.74	1.73	17.6	2.6	24.7	0.4	15.6	1,239
Kakuzi	Agric	Dec	441.25	367.50	420.00	9.1	67	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	594
Centum Investment	Finance	Mar	14.95	7.90	8.18	-42.0	44	0.3%	(2.01)	0.59	65.1	-	7.2	0.1	(3.1)	9,774
Crown Paints	Manufac.	Dec	44.00	30.50	38.00	24.6	44	0.3%	5.13	4.00	24.1	7.4	10.5	1.6	21.3	458
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	43	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.35	1.74	1.89	-17.8	43	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	1,685
CIC Insurance	Insurance	Dec	2.29	1.72	1.94	-12.2	41	0.3%	0.30	-	3.0	6.5	-	0.6	9.9	2,578
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	22.00	17.6	41	0.3%	(1.48)	0.50	56.5	-	2.3	0.4	(2.6)	737
Carbacid	Gases	July	14.15	10.35	12.15	10.5	25	0.2%	2.22	0.70	13.5	5.5	5.8	0.9	16.4	14,118
Nation Media	Media	Dec	23.20	15.70	15.85	-14.1	25	0.2%	2.59	1.49	42.1	6.1	9.4	0.4	6.2	2,999
Kenya Power	Power	Jun	2.08	1.31	1.49	-14.9	24	0.1%	1.80	-	30.8	0.8	-	0.0	5.8	12,680
Unga Ltd	Food	Jun	36.25	27.00	32.00	15.7	20	0.1%	2.48	-	58.3	12.9	-	0.5	4.2	236
Liberty K. Holdings	Insurance	Dec	7.48	4.28	4.47	-36.1	20	0.1%	0.15	-	15.9	29.3	-	0.3	1.0	166
TPSEA Serena	Tourism	Dec	17.50	11.30	12.35	-19.0	18	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	591
NSE	Finance	Dec	8.58	6.60	6.80	-15.0	14	0.1%	0.51	1.40	8.0	13.3	20.6	0.9	6.4	2,002
Car & Gen	Motors	Sept	76.00	30.00	40.45	19.1	13	0.1%	26.33	3.20	135.8	1.5	7.9	0.3	19.4	305
WPP Scangroup	Media	Dec	4.41	2.86	3.17	-23.4	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	617
BOC Kenya	Gases	Dec	93.25	70.00	70.00	0.0	11	0.1%	4.78	6.70	84.3	14.7	9.6	0.8	5.7	627
Sanlam Kenya	Insurance	Dec	15.00	8.24	8.90	-22.9	10	0.1%	(3.77)	-	3.9	-	-	2.3	(97.1)	166
Housing Finance	Banking	Dec	4.00	2.86	3.14	-19.5	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	882
Limuru Tea	Agric	Dec	510.00	300.00	420.00	31.3	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	1,591
Longhorn	Publishing	Jun	4.4	2.74	3.02	-24.5	7	0.0%	0.62	-	2.8	4.9	-	1.1	22.2	928
Standard Newspapers	Media	Dec	16.15	9.10	10.00	-26.2	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	62
EA Portland	Cement	Jun	8.80	6.06	7.38	10.8	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	41
TransCentury	Finance	Dec	1.47	0.79	0.79	-32.5	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	140
Safaricom	Telecom	Mar	40.00	23.10	24.30	-36.0	7,929	49.1%	1.74	1.39	3.5	14.0	5.7	7.0	49.9	1,108,182
											Average	15.7	6.8	6.6	53.3	2,348,432

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