

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.95	26.70	27.2%	BUY
Equity bank	60.84	43.15	41.0%	BUY
KCB bank	59.61	39.00	52.8%	BUY
Co-op bank	16.15	10.90	48.2%	BUY
ABSA bank	12.47	11.50	8.4%	HOLD
StanChart bank	134.08	123.75	8.3%	HOLD
NCBA bank	33.44	25.20	32.7%	BUY
I&M bank	21.43	17.00	26.1%	BUY
Stanbic bank	94.83	100.75	-5.9%	HOLD
DTB bank	106.48	50.00	113.0%	BUY
EABL	256.11	133.00	92.6%	BUY
Bamburi Cement	89.84	34.00	164.2%	BUY
BAT Kenya	521.50	425.00	22.7%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- Last week, Equity bank and EABL were the worst performers among the large-cap stocks. Equity bank (-5.2% w/w) erased its gains from the previous week, hitting a 10-day low. EABL (-4.8% w/w) closed below its 12-month low, on account of foreign selling. On the other hand, Safaricom (+1.9% w/w) sustained gains throughout the week while KCB bank (+0.8% w/w) touched a 1-month high on local demand. Driven by local buying, ABSA bank (+9.5% w/w) traded up to a 1-month high.

Debt market commentary and outlook

- Overall subscription rates dropped to 61.3%, down from 86.3% recorded in the previous week driven by low demand on the 182-Day and 364-Day papers. The yield on the 91-Day T-Bill gained for the second consecutive week. The yield on the 182-Day T-Bill rose by the widest margin of 6.3bps, hitting a 3-year high.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,676.6	-1.4%	-4.0%	-11.0%	-9.7%	-12.3%	-11.9%
Kenya NASI Return	129.9	0.4%	-7.0%	-18.8%	-20.2%	-24.6%	-22.0%
FTSE NSE Kenya 15 Return	173.4	-0.8%	-2.6%	-15.8%	-12.8%	-14.4%	-17.3%
FTSE NSE Kenya 25 Return	175.7	-0.2%	-5.5%	-18.9%	-18.9%	-23.0%	-20.3%
FTSE Kenya Bond Index Return	95.8	1.0%	1.2%	-1.3%	-0.7%	-1.0%	-0.3%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.1%	-7.8%	-19.1%	-23.0%	-29.6%	-24.8%
Johannesburg Index	-4.9%	4.4%	-12.1%	-2.6%	-13.4%	-5.4%
Nigeria Stock Exchange	-0.4%	-0.7%	11.9%	25.6%	34.4%	25.8%
Ghana Stock Exchange	-1.2%	-4.6%	-13.2%	-29.3%	-31.0%	-28.8%
Egyptian Stock Exchange	2.0%	-6.1%	-19.8%	-25.5%	-14.6%	-28.1%
MSCI EFM ex SA Index	0.4%	-4.1%	-10.0%	-15.0%	-13.5%	-16.6%

Other market statistics

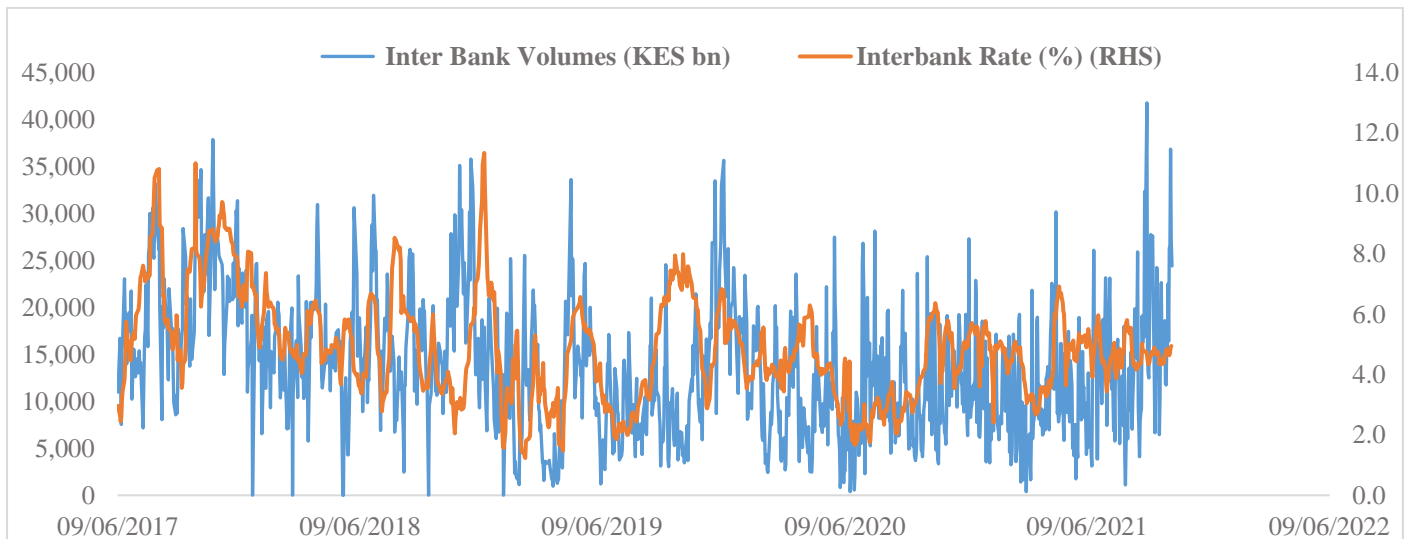
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	117.11	-0.2%	-0.7%	-2.3%	-3.6%	-7.9%	-3.4%
USD/ZAR	15.61	-0.6%	3.6%	-4.0%	2.5%	-14.0%	2.1%
USD/EGP	18.71	-0.4%	-2.1%	-16.0%	-16.0%	-16.1%	-16.0%
USD/NGN	419.60	-0.9%	-0.9%	-0.4%	-1.3%	-2.1%	1.1%
USD/GHS	7.92	-1.2%	-4.2%	-6.9%	-22.2%	-26.8%	-21.9%

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	1,301.3	-752.6	65.6%	1.9%	-29.6%	-40.6%	2.7%
Equity bank	374.8	-273.7	37.9%	-5.2%	-18.2%	-20.5%	2.7%
ABSA bank	102.8	0.0	0.0%	9.5%	-3.0%	-9.4%	22.3%
KCB bank	81.4	-24.5	37.9%	0.8%	-14.2%	-21.8%	11.4%
EABL	63.4	-16.2	84.0%	-4.8%	-19.4%	-31.4%	0.0%

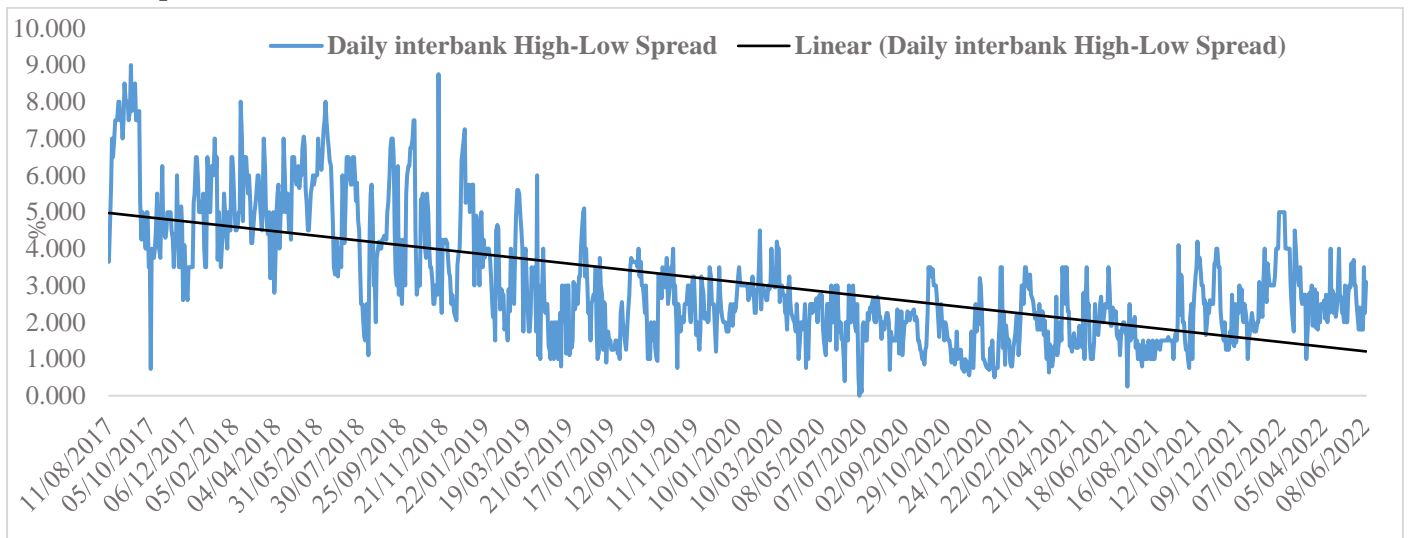
Key Rates and Spreads

Inter-bank rate rises for the third week in a row



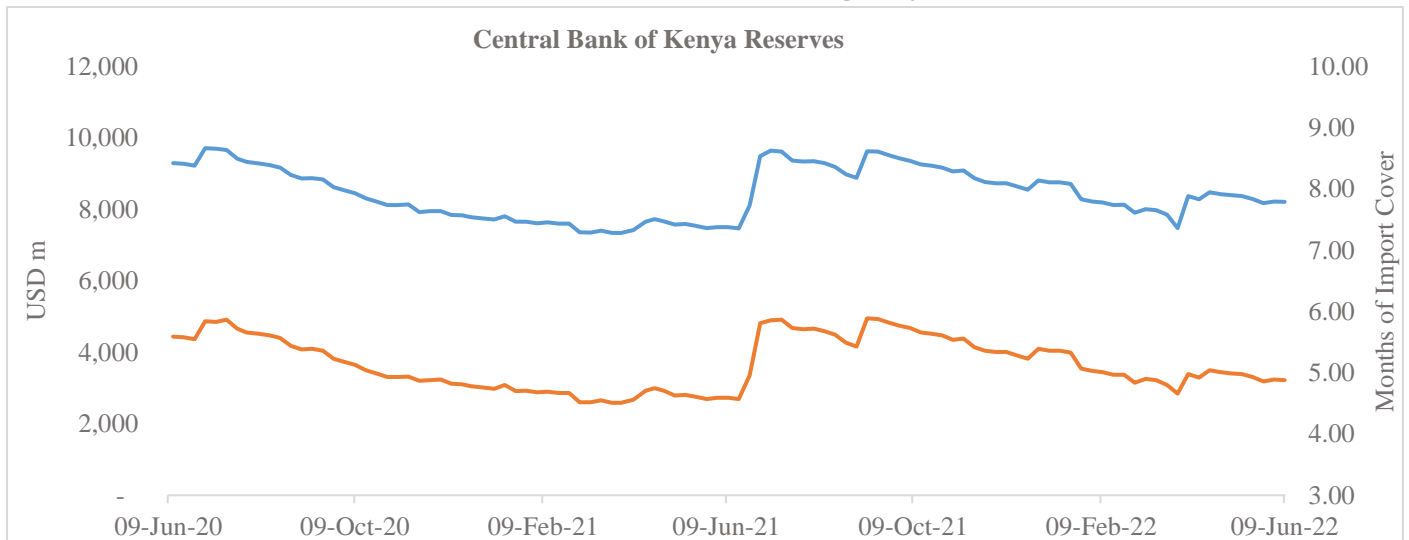
Source: CBK

Inter-bank spread widens week-on-week



Source: CBK

Forex reserves and import cover declines week-on-week, albeit marginally



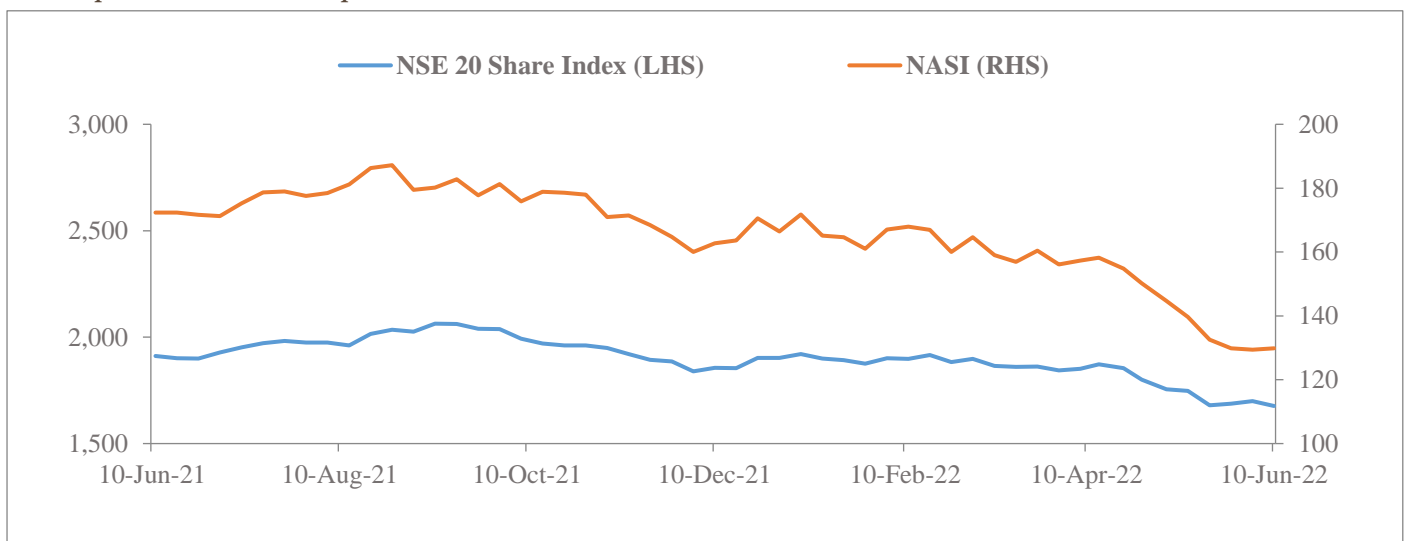
Source: CBK

Equity market trading commentary

Weekly turnover was largely unchanged (+0.6% w/w) at USD 17.6m (KES 2.1bn). Halting a 7-week losing streak, the NASI recovered a thin margin of 0.4% w/w to 129.89, buoyed by gains on Safaricom. However, the NSE 20 erased 1.4% w/w to settle at 1,676.59, largely driven by losses on Equity bank and EABL. Local investor participation rose to 46.9% - a 3-week high, up from 26.7% printed in the previous week. Foreign investors remained net sellers at USD 9.5m (KES 1.1bn) – marking the 17th consecutive of net foreign outflows. Safaricom accounted for 67.4% of the week’s net foreign outflows at USD 6.4m (KES 752.6m). Equity bank and KCB bank followed with net foreign outflows of USD 2.3m (KES 273.7m) and USD 0.2m (KES 24.5m), respectively. EABL recorded net foreign outflows throughout the week, reaching a total of USD 0.1m (KES 16.2m).

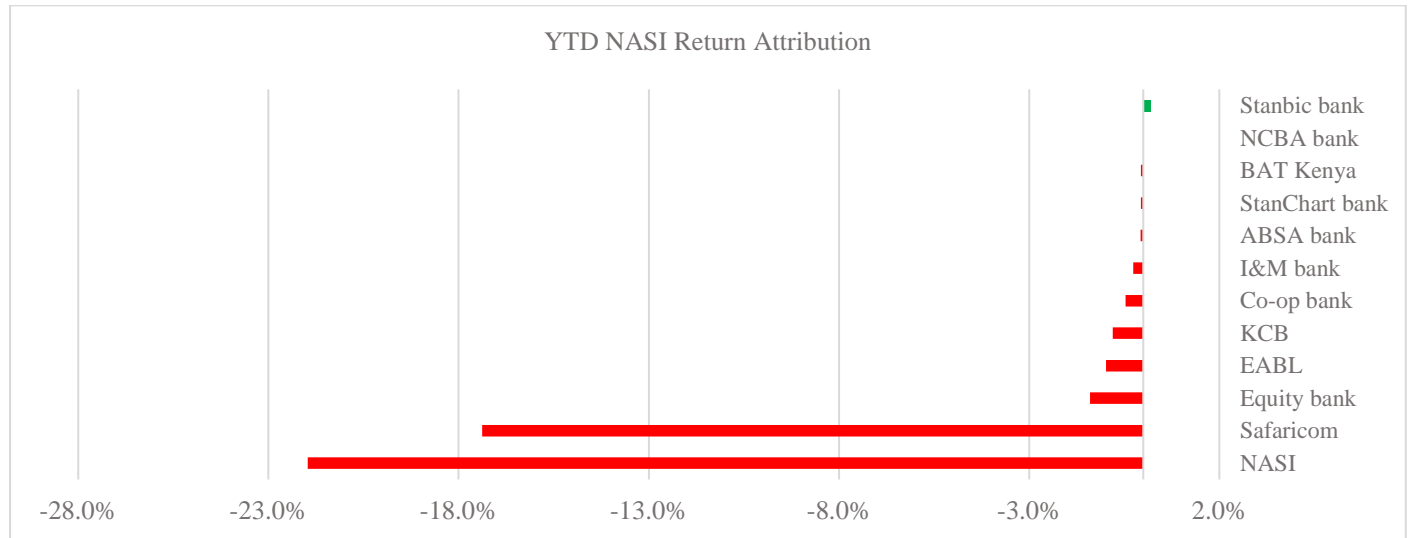
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Market performance over the past 12 months



Source: NSE

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



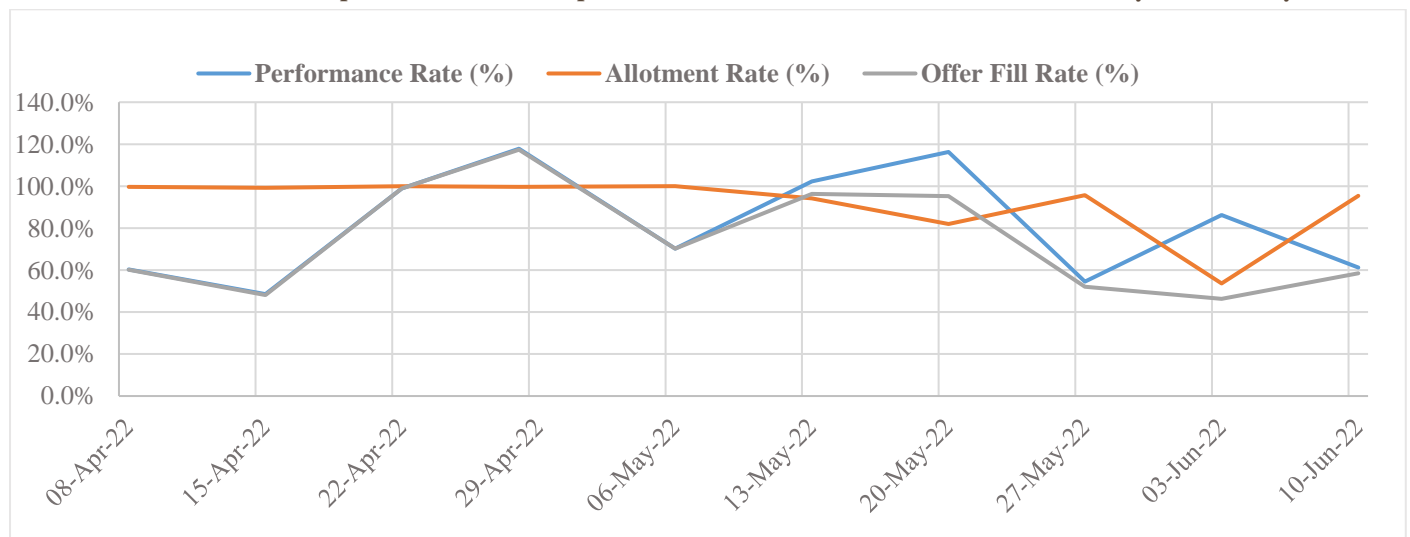
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates dropped to 61.3%, down from 86.3% recorded in the previous week driven by low demand on the 182-Day and 364-Day papers. The yield on the 91-Day T-Bill gained for the second consecutive week. The yield on the 182-Day T-Bill rose by the widest margin of 6.3bps, hitting a 3-year high.

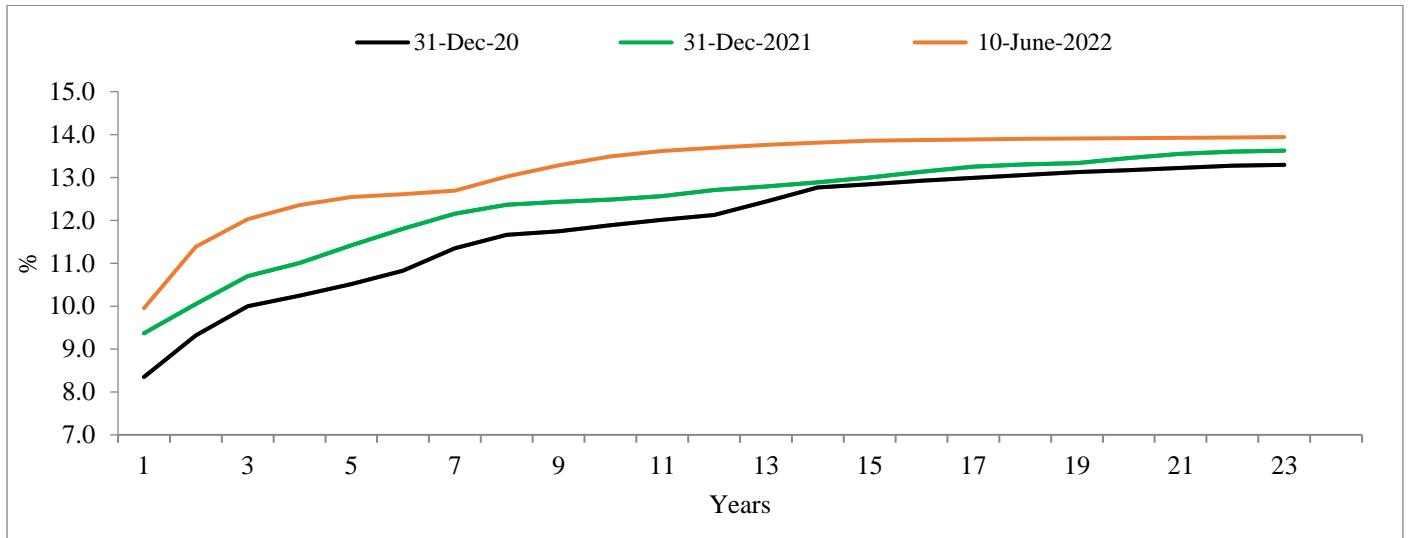
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 3.2bn for the 91-Day T-Bill, implying a subscription rate of 81.1%. It accepted bids worth KES 3.2bn at an average yield of 7.866% (+5.5bps w/w). The 182-Day T-Bill received bids worth KES 4.0bn, implying a performance rate of 40.0%. It accepted bids worth KES 4.0bn at an average yield of 9.037% (+6.3bps w/w). The 364-Day T-Bill received bids worth KES 7.5bn, implying a performance rate of 67.8%. It accepted bids worth KES 6.9bn at an average yield of 9.951% (+1.7bps w/w).

T-Bills Performance: Overall performance rate drops week-on-week with low demand on the 182-Day and 364-Day T-Bills



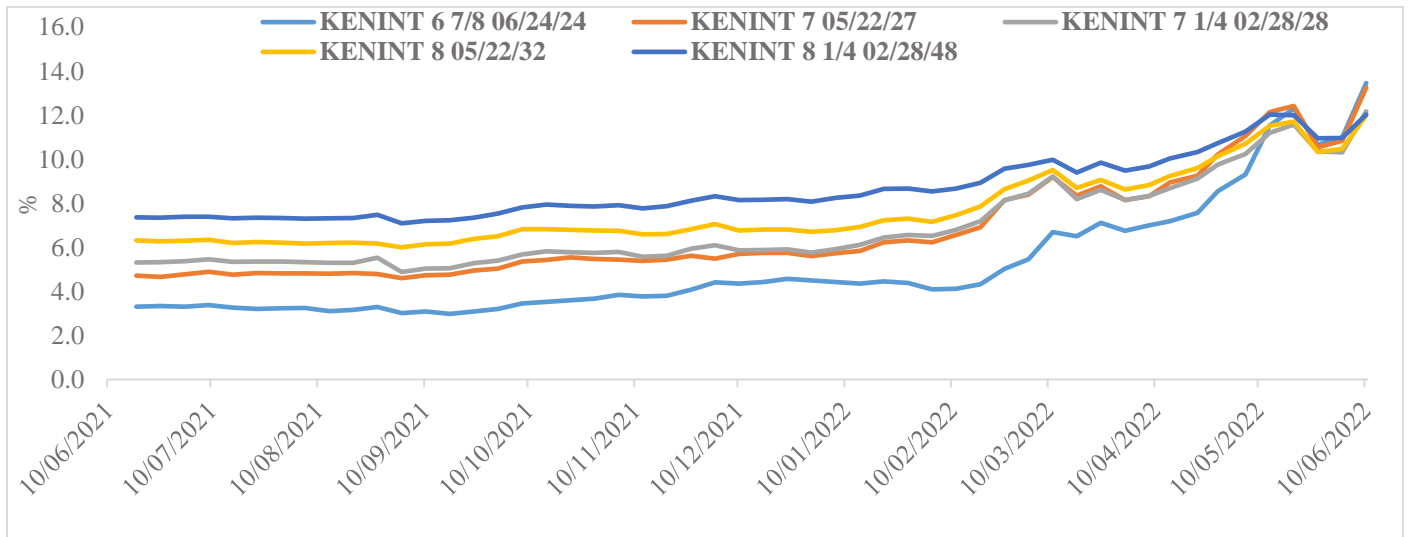
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields on the short-tenor bonds (2024 and 2027) rose by an average 245bps w/w during the week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
		end	High	Low		%						ratio x	yld %	ratio x		vol (USD)
Safaricom	Telecom	Mar	44.95	26.00	26.70	-29.6	9,139	52.6%	1.74	1.39	3.5	15.4	5.2	7.7	49.9	1,878,292
Equity Bank	Banking	Dec	54.25	42.00	43.15	-18.2	1,391	8.0%	11.15	3.00	44.3	3.9	7.0	1.0	25.2	500,882
KCB Bank	Banking	Dec	49.90	35.00	39.00	-14.2	1,071	6.2%	11.67	3.00	56.6	3.3	7.7	0.7	20.6	352,818
EA Breweries	Breweries	Jun	193.75	133.00	133.00	-19.4	899	5.2%	11.25	3.75	17.5	11.8	2.8	7.6	64.3	294,064
Co-op Bank	Banking	Dec	13.95	10.80	10.90	-15.8	546	3.1%	3.23	1.00	17.5	3.4	9.2	0.6	18.4	22,310
Absa Bank	Banking	Dec	12.70	9.40	11.50	-3.0	534	3.1%	2.15	1.10	10.9	5.4	9.6	1.1	19.7	49,703
StanChart Bank	Banking	Dec	146.25	123.75	123.75	-3.5	399	2.3%	24.92	19.00	147.2	5.0	15.4	0.8	16.9	122,913
BAT Kenya	Tobacco	Dec	509.00	404.00	425.00	-3.7	363	2.1%	64.83	50.00	149.7	6.6	11.8	2.8	43.3	27,245
NCBA Bank	Banking	Dec	28.15	23.00	25.20	0.0	355	2.0%	6.56	3.00	48.7	3.8	11.9	0.5	13.4	65,617
Stanbic Bank	Banking	Dec	108.00	80.00	100.75	15.5	340	2.0%	18.81	7.30	122.8	5.4	7.2	0.8	15.3	231,241
I&M Holdings	Banking	Dec	23.25	16.90	17.00	-19.4	240	1.4%	5.38	1.50	42.6	3.2	8.8	0.4	12.6	14,273
Bank of Kigali	Banking	Dec	40.00	24.30	31.00	6.9	238	1.4%	7.95	3.28	41.8	3.9	10.6	0.7	19.0	8,186
KenGen	Power	Jun	4.98	3.40	3.40	-18.9	192	1.1%	0.16	0.18	32.4	21.4	5.3	0.1	0.5	10,199
Kenya Airways	Airlines	Dec	3.99	3.83	3.83	0.0	186	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	390.00	248.50	265.00	-16.3	164	0.9%	94.22	14.00	544.4	2.8	5.3	0.5	17.3	5,042
Britam	Insurance	Dec	8.38	6.06	6.06	-19.2	131	0.8%	0.03	-	7.5	212.0	-	0.8	0.4	3,557
Total Oil	Oil	Dec	26.30	21.75	23.45	-6.2	126	0.7%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	1,168
DTB Bank	Banking	Dec	69.00	49.00	50.00	-16.0	119	0.7%	14.80	3.00	240.7	3.4	6.0	0.2	6.2	7,633
Umeme Ltd.	Power	Dec	8.30	5.48	8.00	18.7	111	0.6%	2.74	1.73	17.6	2.9	21.7	0.5	15.6	11,624
Bamburi Cement	Cement	Dec	39.80	32.15	34.00	-10.5	105	0.6%	3.58	3.58	83.5	9.5	10.5	0.4	4.3	8,295
Kakuzi	Agric	Dec	427.00	327.75	424.00	10.1	71	0.4%	27.77	18.00	275.9	15.3	4.2	1.5	10.1	287
Centum Investment	Finance	Mar	17.85	9.48	9.52	-32.5	54	0.3%	(2.42)	0.33	69.7	-	3.5	0.1	(3.5)	9,629
Kenya Re	Insurance	Dec	2.68	2.01	2.12	-7.8	51	0.3%	1.06	0.10	13.2	2.0	4.7	0.2	8.0	4,104
Crown Paints	Manufac.	Dec	42.40	19.65	40.25	32.0	49	0.3%	5.13	4.00	24.1	7.8	9.9	1.7	21.3	4,202
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	46	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
CIC Insurance	Insurance	Dec	3.39	1.95	2.03	-8.1	45	0.3%	0.26	-	3.1	7.9	-	0.7	8.4	1,363
Sasini Tea & Coffee	Agric	Sept	129.00	17.10	21.05	12.6	41	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	328
Nation Media	Media	Dec	26.10	17.70	21.35	15.7	35	0.2%	2.59	1.49	42.1	8.2	7.0	0.5	6.2	3,995
Carbacid	Gases	July	13.25	10.35	11.45	4.1	25	0.1%	2.22	0.70	13.5	5.2	6.1	0.8	16.4	1,938
Kenya Power	Power	Jun	2.02	1.30	1.48	-15.4	25	0.1%	2.65	-	29.3	0.6	-	0.1	9.0	6,580
Liberty K. Holdings	Insurance	Dec	9.98	5.02	5.22	-25.4	24	0.1%	0.15	-	15.9	34.2	-	0.3	1.0	97
TPSEA Serena	Tourism	Dec	16.95	11.50	12.70	-16.7	20	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	4,184
Unga Ltd	Food	Jun	36.25	26.10	29.30	6.0	19	0.1%	2.89	-	56.2	10.2	-	0.5	5.1	59
NSE	Finance	Dec	10.15	7.00	7.44	-7.0	16	0.1%	0.51	1.40	8.0	14.6	18.8	0.9	6.4	4,622
Sanlam Kenya	Insurance	Dec	15.00	9.70	13.00	12.6	16	0.1%	(3.77)	-	3.9	-	-	3.4	(97.1)	97
Car & Gen	Motors	Sept	76.00	24.30	46.00	35.5	16	0.1%	26.33	3.20	135.8	1.7	7.0	0.3	19.4	-
WPP Scangroup	Media	Dec	5.74	2.86	3.39	-18.1	13	0.1%	(0.09)	-	12.0	-	-	0.3	(0.7)	1,326
BOC Kenya	Gases	Dec	93.25	61.50	73.00	4.3	12	0.1%	4.78	6.70	84.3	15.3	9.2	0.9	5.7	-
Housing Finance	Banking	Dec	4.90	2.86	2.97	-23.8	10	0.1%	(1.45)	-	20.5	-	-	0.1	(7.1)	742
Standard Newspapers	Media	Dec	20.00	11.90	12.50	-7.7	9	0.1%	(0.90)	-	10.5	-	-	1.2	(8.5)	54
Longhorn	Publishing	Jun	4.4	2.99	3.48	-13.0	8	0.0%	0.62	-	2.8	5.6	-	1.3	22.2	125
Limuru Tea	Agric	Dec	355.00	263.00	355.00	10.9	7	0.0%	(0.50)	0.70	75.9	-	0.2	4.7	(0.7)	192
EA Portland	Cement	Jun	9.40	6.06	7.80	17.1	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	16
TransCentury	Finance	Dec	1.52	1.00	1.00	-14.5	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	56
											Average	12.4	6.3	4.8	36.8	3,666,428

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