

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	13.50	130.4%	BUY
Equity bank	43.67	37.30	17.1%	BUY
KCB bank	47.26	16.05	194.5%	BUY
Co-op bank	20.46	10.65	92.1%	BUY
ABSA bank	12.89	10.75	19.9%	HOLD
StanChart bank	138.26	152.75	-9.5%	HOLD
NCBA bank	40.68	35.00	16.2%	BUY
I&M bank	33.32	17.50	90.4%	BUY
Stanbic bank	108.85	100.75	8.0%	HOLD
DTB bank	116.13	44.05	163.6%	BUY
EABL	164.58	119.00	38.3%	BUY
Bamburi Cement	51.96	22.50	135.6%	BUY
BAT Kenya	544.27	403.25	35.0%	BUY

*banks' fair values have been updated

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Co-op bank hit a 3-year low on account of local investors' sell-off. Similarly, driven by local selling, NCBA bank traded down to a 6-month low. On the other hand, Safaricom rallied to a 15-day high on the back of local demand.

Debt market commentary and outlook

- For the second straight week, overall subscription rates grew to 255.6%, up from 102.8% last week, the highest levels since July 2020. Investors were significant on the 91-Day T-Bill and a notable jump was seen on the 182-Day T-Bill, but remained weak on the 364-Day T-Bill for the sixteenth consecutive week. The yield on the 91-Day T-Bill trended up for the twenty-eighth successive week; the yield on the 182-Day T-Bill notched up for the twelfth week in a row and the yield on the 364-Day T-Bill went up for the sixth week straight.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,420.1	-1.6%	-4.8%	-10.9%	-3.5%	-14.8%	-15.3%
Kenya NASI Return	89.0	3.7%	-4.7%	-16.2%	-4.9%	-30.6%	-30.2%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.7%	-8.9%	-19.1%	-14.4%	-44.3%	-43.3%
Johannesburg Index	0.7%	1.8%	-4.1%	-3.9%	-7.8%	-9.1%
Nigeria Stock Exchange	3.0%	2.9%	4.1%	-21.6%	-11.2%	-20.8%
Ghana Stock Exchange	1.9%	-2.3%	-2.0%	15.1%	58.1%	10.9%
Egyptian Stock Exchange	7.4%	20.5%	37.3%	40.7%	63.2%	33.4%
MSCI EFM ex SA Index	4.1%	4.6%	3.9%	7.1%	8.1%	1.1%

Other market statistics

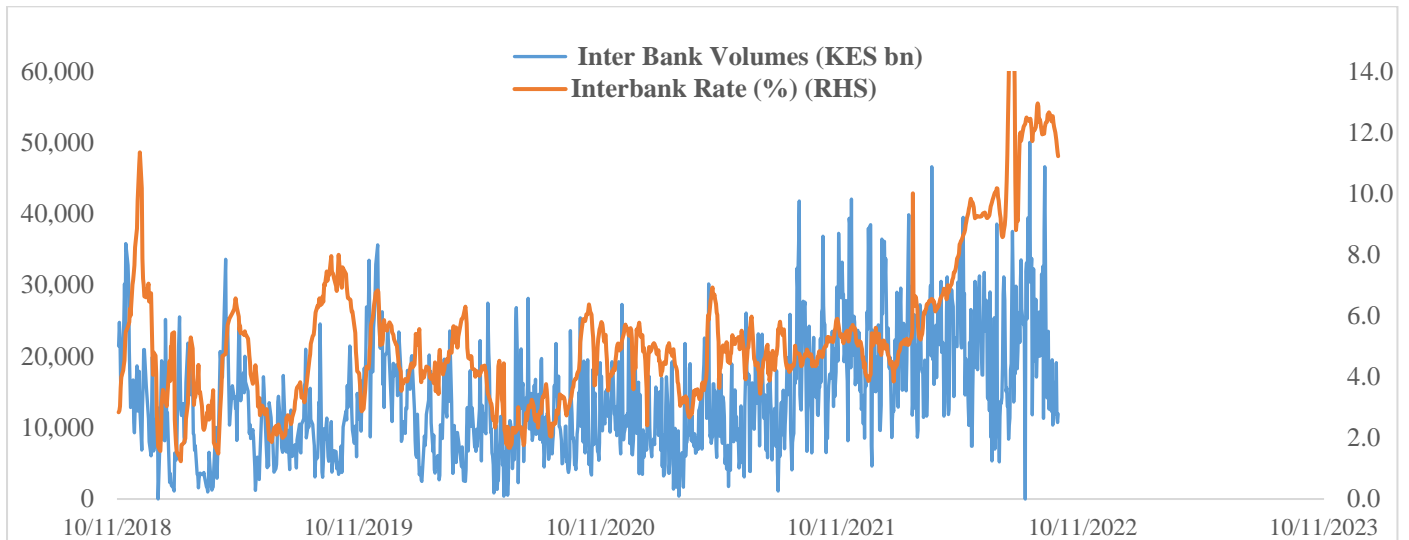
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	152.0	0.4%	-2.5%	-5.4%	-9.9%	-19.8%	-18.8%
USD/ZAR	18.7	-2.5%	1.0%	1.2%	3.3%	-7.9%	-9.0%
USD/EGP	30.9	0.0%	0.0%	0.0%	0.0%	-21.1%	-19.8%
USD/NGN	805.0	0.2%	-3.7%	-5.0%	-42.4%	-44.9%	-42.8%
USD/GHS	11.9	-0.1%	-3.0%	-6.5%	-2.1%	21.2%	-14.8%

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	1,230.4	-398.8	71.3%	15.9%	-44.1%	-47.1%	15.9%
KCB bank	157.3	70.0	39.9%	-1.8%	-57.9%	-59.4%	1.9%
Equity bank	85.1	18.1	70.4%	0.5%	-16.2%	-20.6%	4.9%
Co-op bank	36.9	-3.7	9.5%	-6.2%	-13.4%	-20.2%	4.4%
Kenya Power	10.2	0.0	82.7%	-1.4%	-10.9%	-18.2%	0.7%

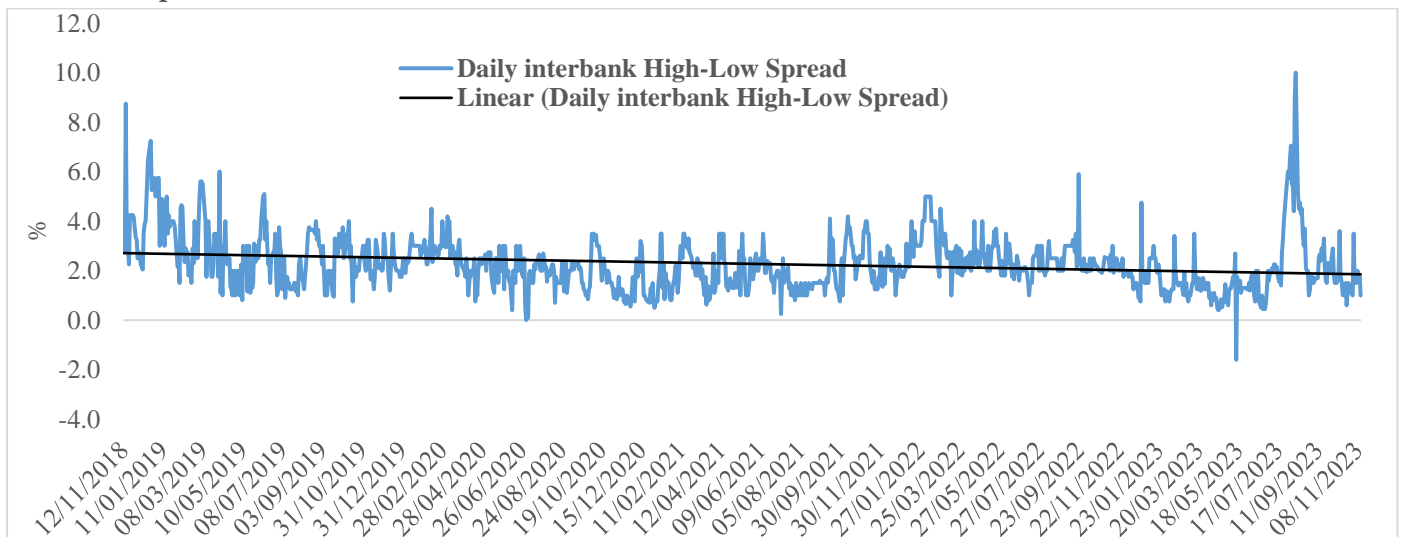
Key Rates and Spreads

Inter-bank rates decline for the third successive week



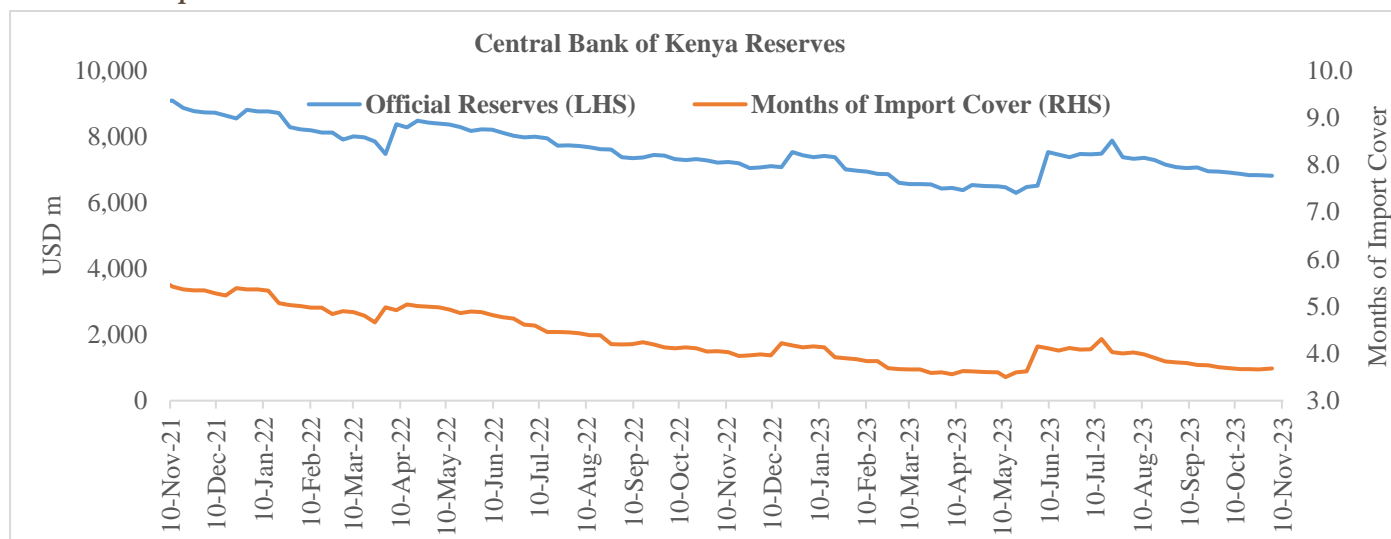
Source: CBK

Inter-bank spreads narrow week-on-week



Source: CBK

Months of import cover & CBK FX reserves increase week-on-week



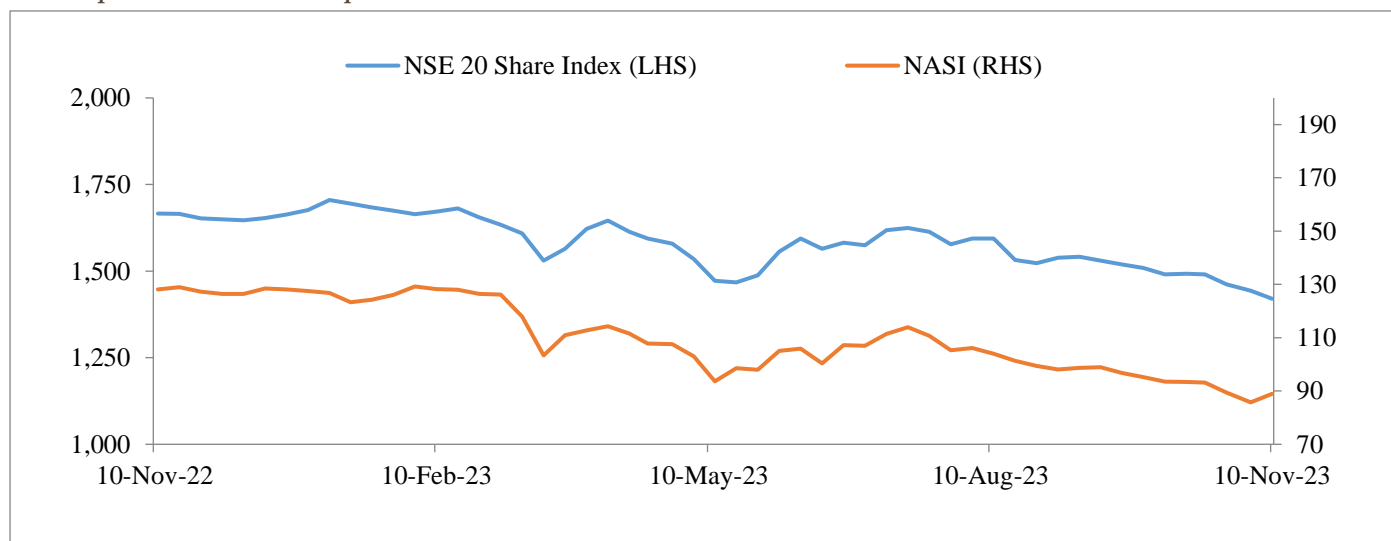
Source: CBK

Equity market trading commentary

Market turnover rebounded by 154.0% w/w to settle at USD 10.4m (KES 1.6bn). Breaking a 7-weeks losing streak, the NASI inched up 3.7% w/w to finish at 88.95 while the NSE 20 shed 1.6% w/w to close at 1,420.14 – the fourth consecutive loss. Foreign investors emerged as net sellers at USD 2.1m (KES 325.6m) – the eleventh straight week. For the third week straight, foreign investors led trading at 64.5% of total turnover, up from 56.5% recorded in the prior week. Safaricom posted the highest net foreign outflows at USD 2.6m (KES 398.8m) while KCB bank (USD 0.4m, KES 70.0m) and Equity bank (USD 0.1m, KES 18.1m) marked the highest net foreign inflows.

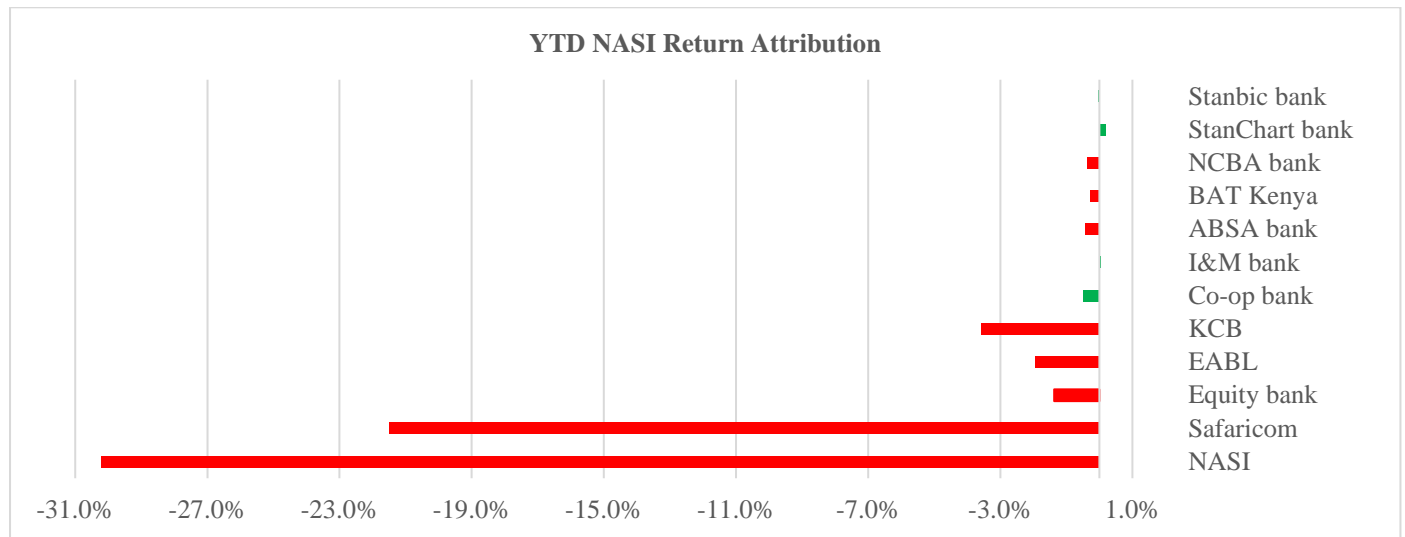
During the week, Co-op bank hit a 3-year low on account of local investors’ sell-off. Similarly, driven by local selling, NCBA bank traded down to a 6-month low. Safaricom rallied to a 15-day high on the back of local demand.

Market performance over the past 12 months



Source: NSE

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



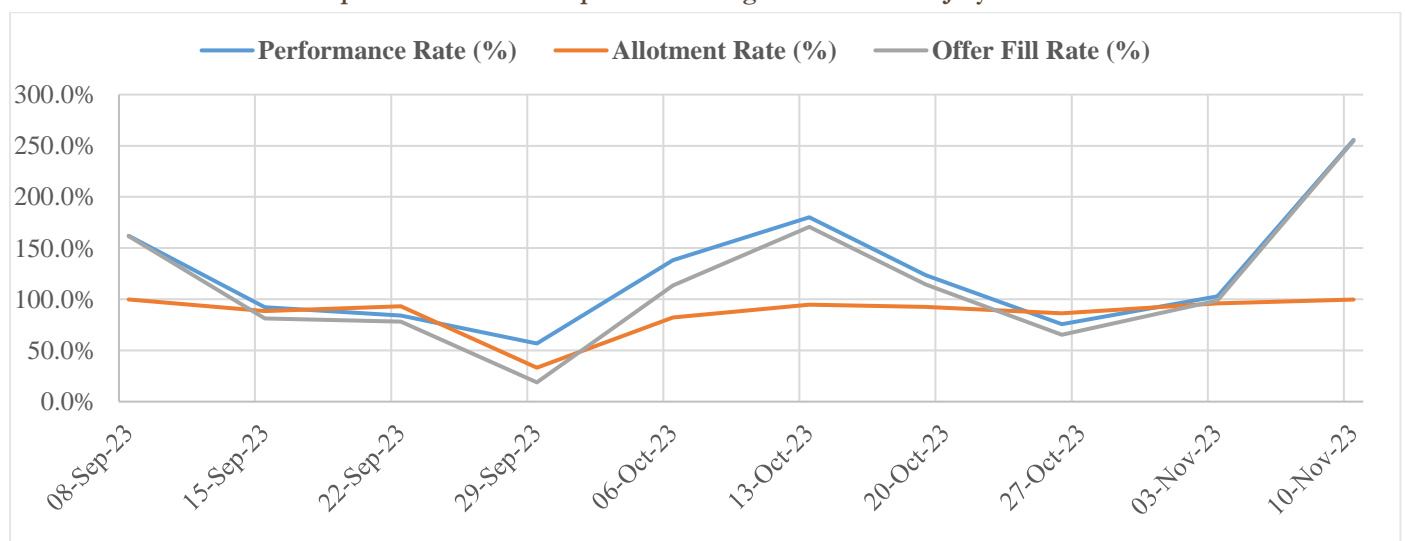
Source: Kestrel Research

Debt market trading commentary

For the second straight week, overall subscription rates grew to 255.6%, up from 102.8% last week, the highest levels since July 2020. Investors were significant on the 91-Day T-Bill and a notable jump was seen on the 182-Day T-Bill, but remained weak on the 364-Day T-Bill for the sixteenth consecutive week. The yield on the 91-Day T-Bill trended up for the twenty-eighth successive week; the yield on the 182-Day T-Bill notched up for the twelfth week in a row and the yield on the 364-Day T-Bill went up for the sixth week straight.

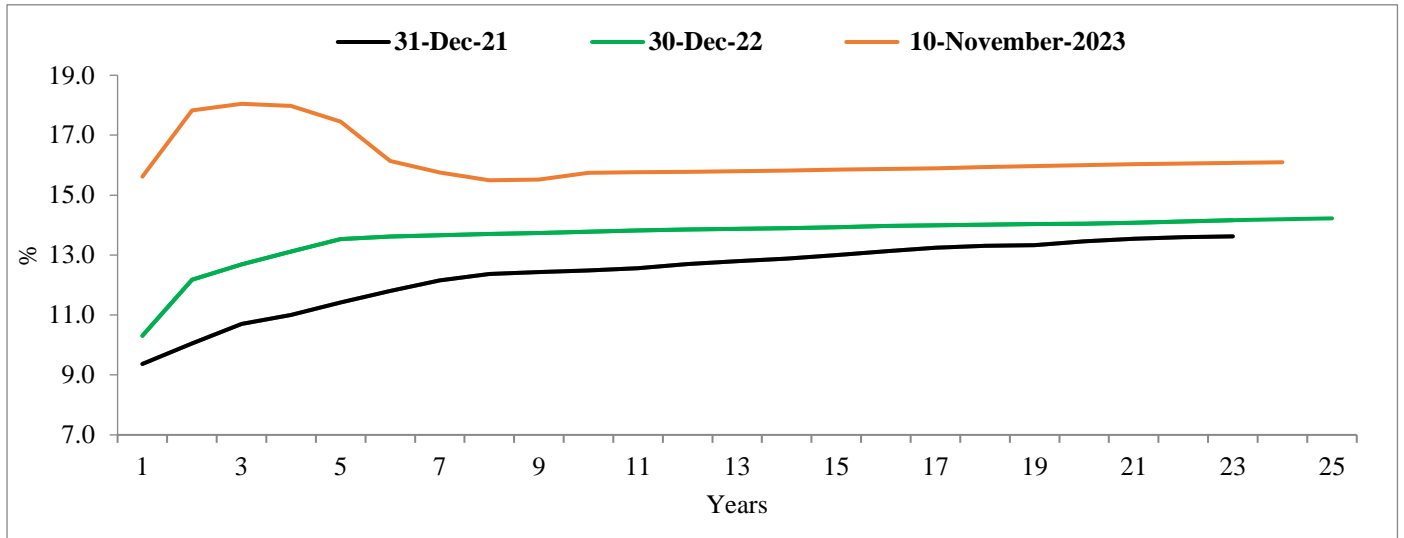
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 37.3bn for the 91-Day T-Bill, implying a subscription rate of 931.41%. It accepted bids worth KES 37.1bn at an average yield of 15.287% (+10.0bps w/w). The 182-Day T-Bill received bids worth KES 18.6bn, implying a performance rate of 185.90%. It accepted bids worth KES 18.6bn at an average yield of 15.406% (+13.4bps w/w). The 364-Day T-Bill received bids worth KES 5.5bn, implying a performance rate of 55.07%. It accepted bids worth KES 5.5bn at an average yield of 15.615% (+17.6bps w/w).

T-Bills Performance: Overall performance rates improve to the highest levels since July 2020



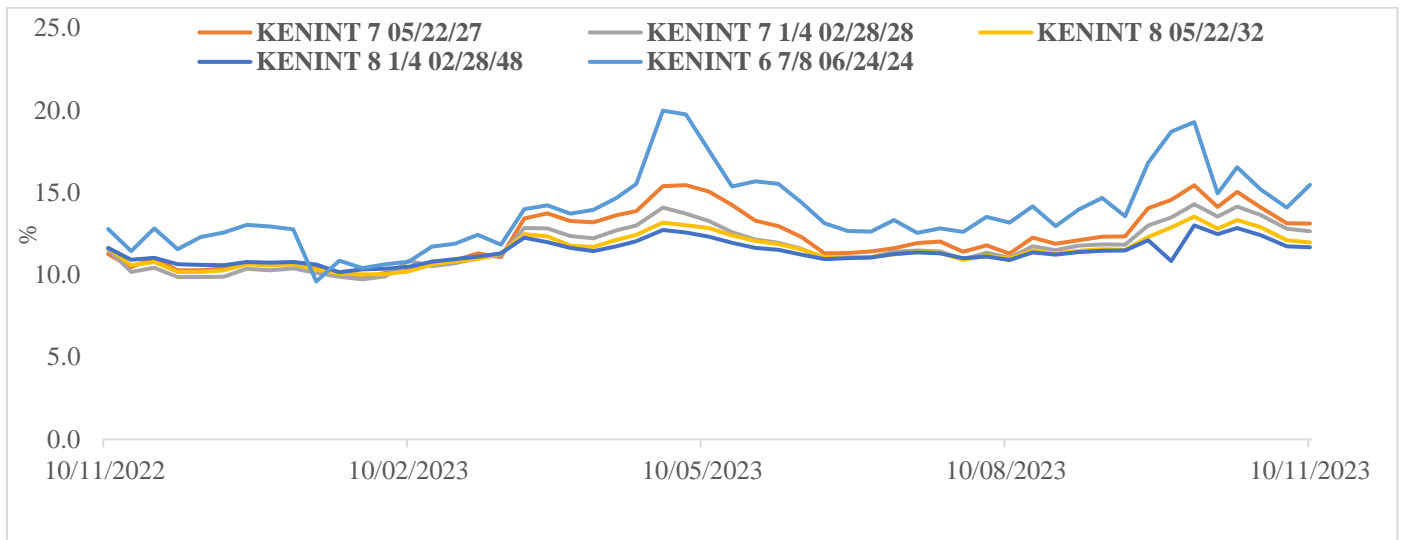
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across tenors decrease for the third consecutive 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	25.50	11.65	13.50	-44.1	3,567	38.7%	1.55	1.20	4.7	8.7	8.9	2.9	33.2	734,842	
Equity Bank	Banking	Dec	46.95	35.55	37.30	-16.2	928	10.1%	12.35	3.00	49.3	3.0	8.0	0.8	25.1	197,001	
EA Breweries	Breweries	Jun	187.00	118.50	119.00	-29.0	621	6.7%	12.47	5.50	27.1	9.5	4.6	4.4	46.1	44,150	
Co-op Bank	Banking	Dec	13.35	10.20	10.65	-13.4	412	4.5%	3.87	1.50	18.5	2.8	14.1	0.6	21.0	43,432	
Absa Bank	Banking	Dec	12.95	10.10	10.75	-12.6	385	4.2%	2.96	1.35	12.5	3.6	12.6	0.9	23.7	64,471	
StanChart Bank	Banking	Dec	171.00	135.25	152.75	7.0	381	4.1%	35.25	22.00	159.8	4.3	14.4	1.0	22.1	22,613	
NCBA Bank	Banking	Dec	41.70	30.10	35.00	-11.1	380	4.1%	9.32	4.00	50.6	3.8	11.4	0.7	18.4	20,750	
KCB Bank	Banking	Dec	39.55	15.75	16.05	-57.9	340	3.7%	11.42	2.00	65.7	1.4	12.5	0.2	17.4	77,892	
BAT Kenya	Tobacco	Dec	479.75	401.25	403.25	-12.3	266	2.9%	68.92	57.00	163.8	5.9	14.1	2.5	42.1	43,079	
Stanbic Bank	Banking	Dec	129.75	92.00	100.75	-1.2	263	2.9%	28.62	13.75	161.8	3.5	13.6	0.6	17.7	12,193	
Bank of Kigali	Banking	Dec	37.00	27.00	33.15	5.2	196	2.1%	7.66	3.28	43.7	4.3	9.9	0.8	17.5	2,414	
I&M Holdings	Banking	Dec	21.00	15.85	17.50	2.9	191	2.1%	5.47	2.25	47.7	3.2	12.9	0.4	11.5	7,275	
Umeme Ltd.	Power	Dec	17.75	6.62	13.55	82.6	145	1.6%	3.03	2.12	20.7	4.5	15.7	0.7	14.7	4,462	
KenGen	Power	Jun	3.31	2.14	2.30	-28.6	100	1.1%	0.76	0.30	41.6	3.0	13.0	0.1	1.8	5,264	
Jubilee Insurance	Insurance	Dec	213.25	148.25	182.00	-8.4	87	0.9%	68.38	14.00	613.8	2.7	7.7	0.3	11.1	9,970	
Britam	Insurance	Dec	5.80	4.05	4.91	-5.6	82	0.9%	0.53	-	9.2	9.3	-	0.5	5.7	97,347	
DTB Bank	Banking	Dec	55.25	44.00	44.05	-11.9	81	0.9%	23.17	5.00	259.1	1.9	11.4	0.2	8.9	7,905	
Bamburi Cement	Cement	Dec	34.95	22.50	22.50	-28.6	54	0.6%	2.15	3.58	82.1	10.5	15.9	0.3	2.6	13,358	
Kakuzi	Agric	Dec	430.00	240.00	403.00	4.7	52	0.6%	43.15	24.00	303.5	9.3	6.0	1.3	14.2	412	
Centum Investment	Finance	Mar	9.50	7.90	8.90	6.5	39	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	7,255	
CIC Insurance	Insurance	Dec	2.21	1.68	2.00	2.6	35	0.4%	0.42	0.13	3.3	4.8	6.5	0.6	12.8	1,676	
Crown Paints	Manufac.	Dec	44.80	32.30	36.10	-13.7	34	0.4%	5.13	4.00	24.1	7.0	11.1	1.5	21.3	246	
Kenya Re	Insurance	Dec	2.02	1.54	1.75	-4.4	32	0.4%	1.17	0.10	13.4	1.5	5.7	0.1	8.7	2,103	
Carbacid	Gases	July	17.55	11.40	17.20	43.3	29	0.3%	2.98	0.70	13.6	5.8	4.1	1.3	21.9	2,172	
Sasini Tea & Coffee	Agric	Sept	31.40	18.90	18.90	-15.8	28	0.3%	3.82	1.00	61.7	4.9	5.3	0.3	6.2	600	
Nation Media	Media	Dec	21.00	14.15	20.05	25.7	25	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	17,680	
Kenya Power	Power	Jun	1.70	1.38	1.39	-10.9	18	0.2%	(1.64)	-	29.1	-	-	0.0	(5.6)	3,728	
TPSEA Serena	Tourism	Dec	15.45	10.85	12.00	-10.1	14	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	391	
Liberty K. Holdings	Insurance	Dec	5.68	3.45	3.50	-37.5	12	0.1%	0.15	-	15.9	22.9	-	0.2	1.0	98	
BOC Kenya	Gases	Dec	90.25	65.00	80.00	13.1	10	0.1%	7.58	5.95	85.1	10.6	7.4	0.9	8.9	368	
NSE	Finance	Dec	7.34	5.52	5.90	-13.0	10	0.1%	0.05	0.20	7.1	111.6	3.4	0.8	0.7	473	
Housing Finance	Banking	Dec	5.10	2.96	3.78	18.5	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	6,884	
Unga Ltd	Food	Jun	32.00	14.00	15.20	-52.5	8	0.1%	2.48	-	58.3	6.1	-	0.3	4.2	36	
												Average	11.2	9.5	1.8	25.0	1,460,494

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