

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	13.25	134.8%	BUY
Equity bank	58.81	40.80	44.1%	BUY
KCB bank	62.39	28.50	118.9%	BUY
Co-op bank	18.13	12.00	51.1%	BUY
ABSA bank	12.32	10.20	20.8%	BUY
StanChart bank	108.61	135.25	-19.7%	SELL
NCBA bank	38.68	32.05	20.7%	BUY
I&M bank	30.56	16.95	80.3%	BUY
Stanbic bank	89.16	112.00	-20.4%	SELL
DTB bank	122.70	50.75	141.8%	BUY
EABL	164.58	140.25	17.3%	BUY
Bamburi Cement	51.96	24.50	112.1%	BUY
BAT Kenya	544.27	466.50	16.7%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom registered a notable daily decline to touch an 8-year low largely driven by foreign selling. On account of local investors' sell-off, KCB bank hit a 6.5 year low and EABL marked an 8-month low.

Debt market commentary and outlook

- Overall subscription rates further grew to 188.9%, up from 110.7% posted the prior week. Demand was strong on the 91-Day T-Bill while it remained muted on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor edged upwards for the nineteenth straight week and the yield on the 182-Day T-Bill trended up for the fifth successive week

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,472.2	-4.1%	-8.8%	-11.5%	-11.7%	-15.7%	-12.2%
Kenya NASI Return	93.6	-9.2%	-16.1%	-27.6%	-26.9%	-33.0%	-26.6%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-4.4%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-8.4%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-9.4%	-17.5%	-33.2%	-34.9%	-43.1%	-33.8%
Johannesburg Index	-4.5%	-7.0%	-7.8%	-4.1%	-3.2%	-5.4%
Nigeria Stock Exchange	-0.9%	0.0%	-4.6%	13.4%	-11.9%	1.1%
Ghana Stock Exchange	2.4%	0.7%	19.0%	37.4%	-31.1%	-3.6%
Egyptian Stock Exchange	0.0%	-2.3%	-3.2%	16.0%	-4.1%	-5.2%
MSCI EFM ex SA Index	-0.7%	-4.2%	-9.4%	1.0%	-18.6%	-5.6%

Other market statistics

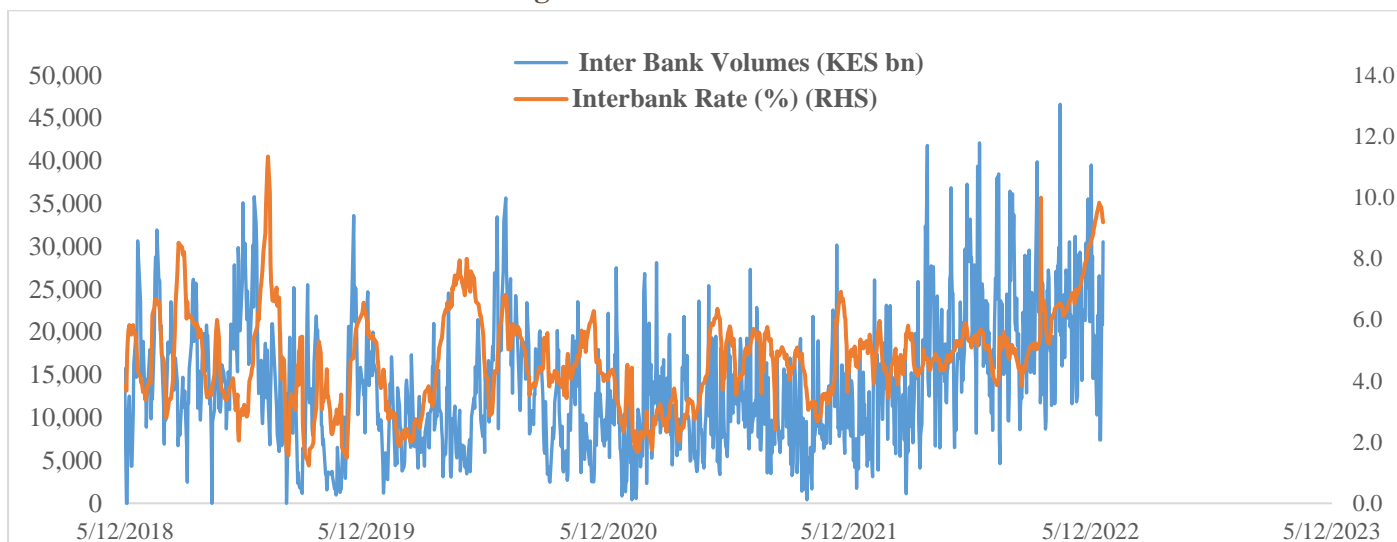
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	136.9	-0.4%	-1.8%	-8.6%	-11.0%	-15.0%	-9.9%
USD/ZAR	19.3	-4.8%	-6.5%	-7.2%	-10.9%	-16.4%	-11.9%
USD/EGP	30.9	0.1%	0.0%	-1.3%	-21.1%	-40.7%	-19.9%
USD/NGN	463.8	-0.3%	-0.5%	-0.6%	-4.4%	-10.3%	-0.6%
USD/GHS	11.7	0.1%	-0.3%	4.6%	23.8%	-35.0%	-13.0%

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	1,000.2	-588.6	66.3%	-15.9%	-45.1%	-59.8%	0.0%
EABL	180.0	127.4	61.8%	-5.9%	-16.3%	-25.0%	27.5%
Co-op bank	57.3	-18.6	21.7%	-6.3%	-2.4%	-10.1%	12.1%
ABSA bank	53.5	25.2	27.2%	1.0%	-17.1%	-21.2%	5.2%
KCB bank	50.6	-17.0	20.5%	-9.8%	-25.2%	-34.5%	0.0%

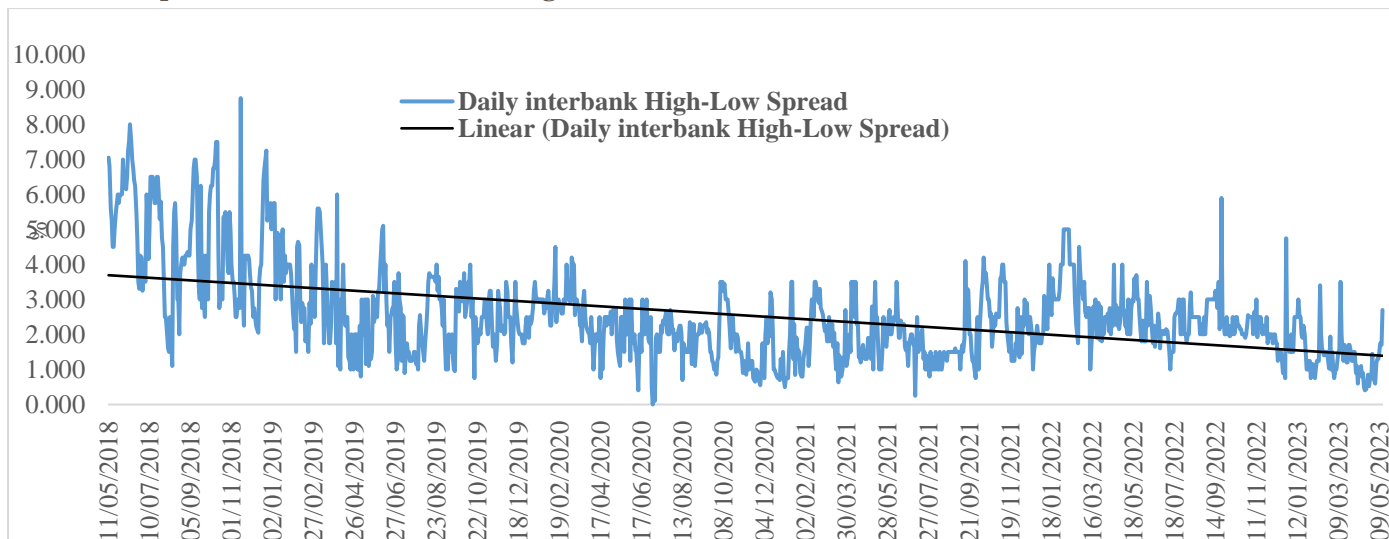
Key Rates and Spreads

Inter-bank rates halt an 8-week's increasing streak



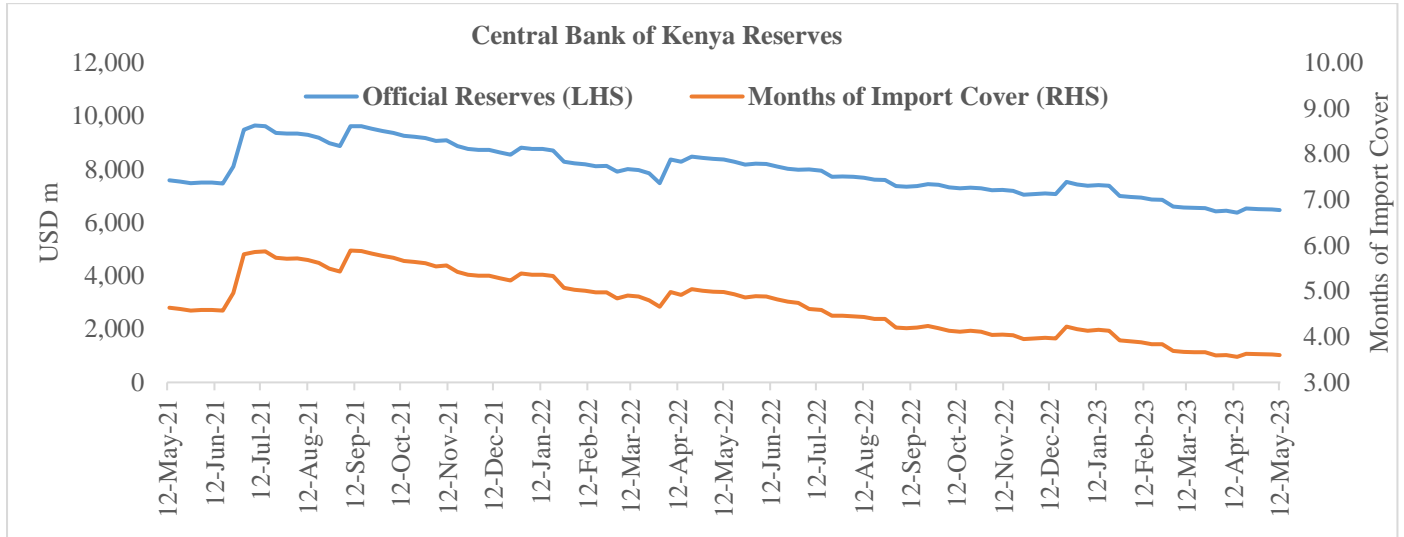
Source: CBK

Inter-bank spreads widen for the third straight week



Source: CBK

CBK FX reserve & import cover decline for the third successive week



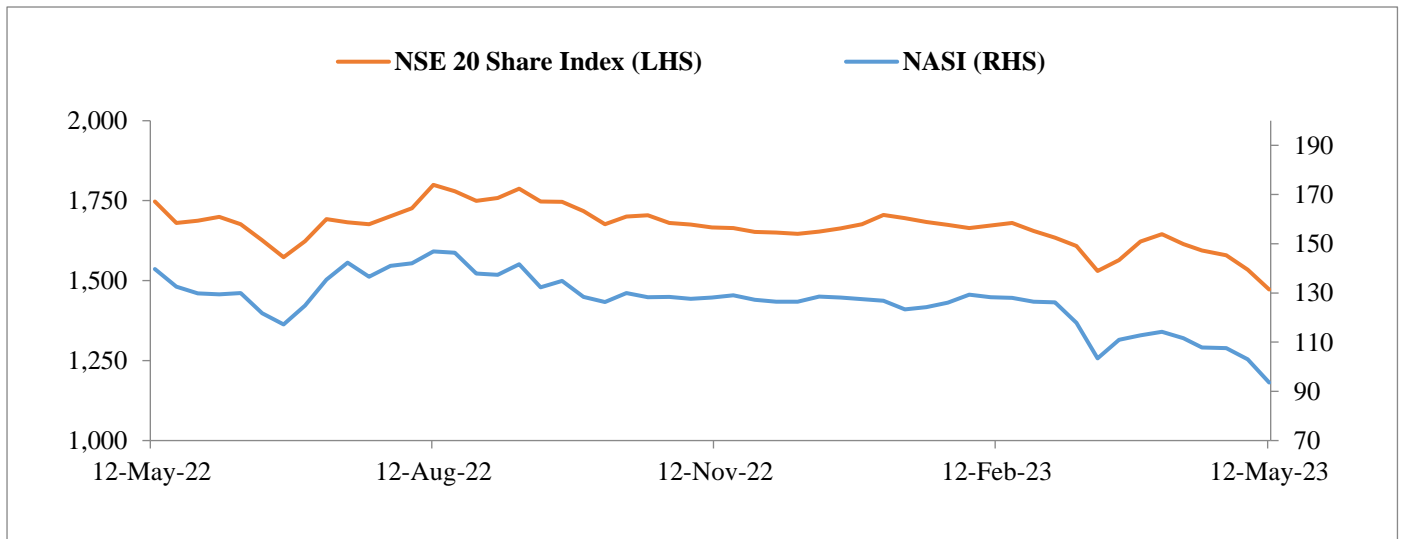
Source: CBK

Equity market trading commentary

Equity turnover increased by 57.5% w/w to settle at USD 10.3m (KES 1.4bn). Sustaining a 5-weeks losing streak, the NASI dropped 9.2% w/w to finish at 93.58 – a 10-year low - and the NSE 20 edged down 4.1% w/w to 1,472.21. Foreign investors emerged as net sellers at USD 3.5m (KES 476.2m). For the second straight week, foreign investors led trading at the bourse at 57.7% of total turnover, up from 55.7% the previous week. Safaricom saw the highest net foreign outflows at USD 4.3m (KES 588.6m). On the other hand, EABL recorded the largest net foreign inflows at USD 0.9m (KES 127.4m).

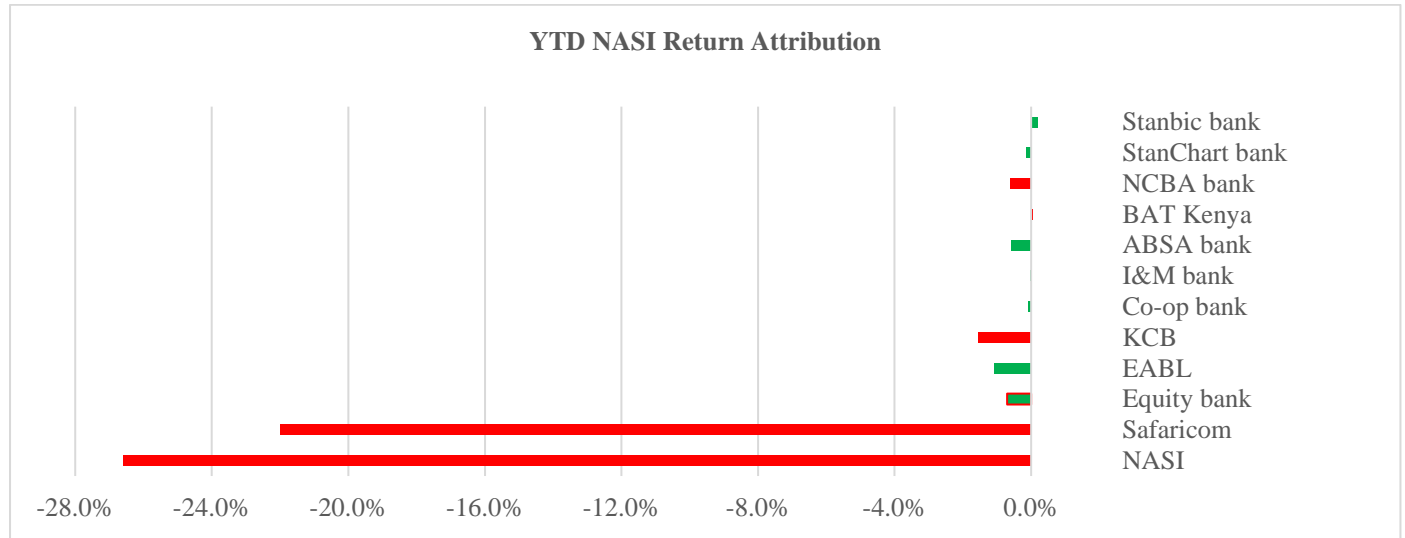
During the week, Safaricom registered a notable daily decline to touch an 8-year low largely driven by foreign selling. On account of local investors’ sell-off, KCB bank hit a 6.5 year low and EABL marked an 8-month low.

Market performance over the past 12 months



Source: NSE

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



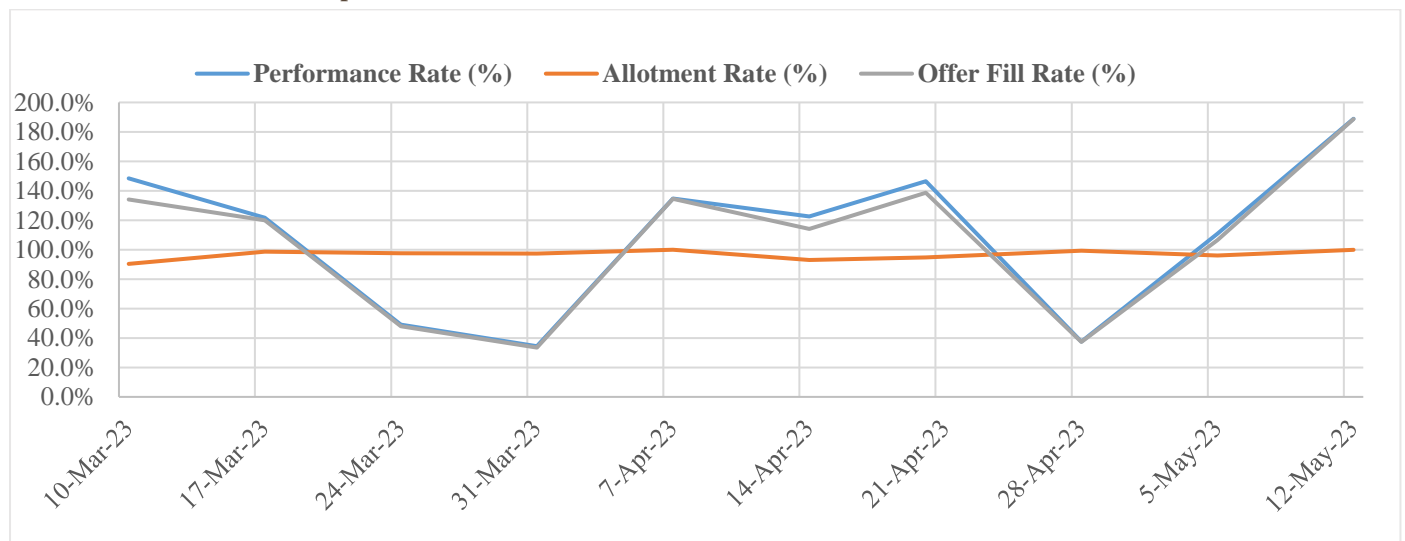
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates further grew to 188.9%, up from 110.7% posted the prior week. Demand was strong on the 91-Day T-Bill while it remained muted on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor edged upwards for the nineteenth straight week and the yield on the 182-Day T-Bill trended up for the fifth successive week.

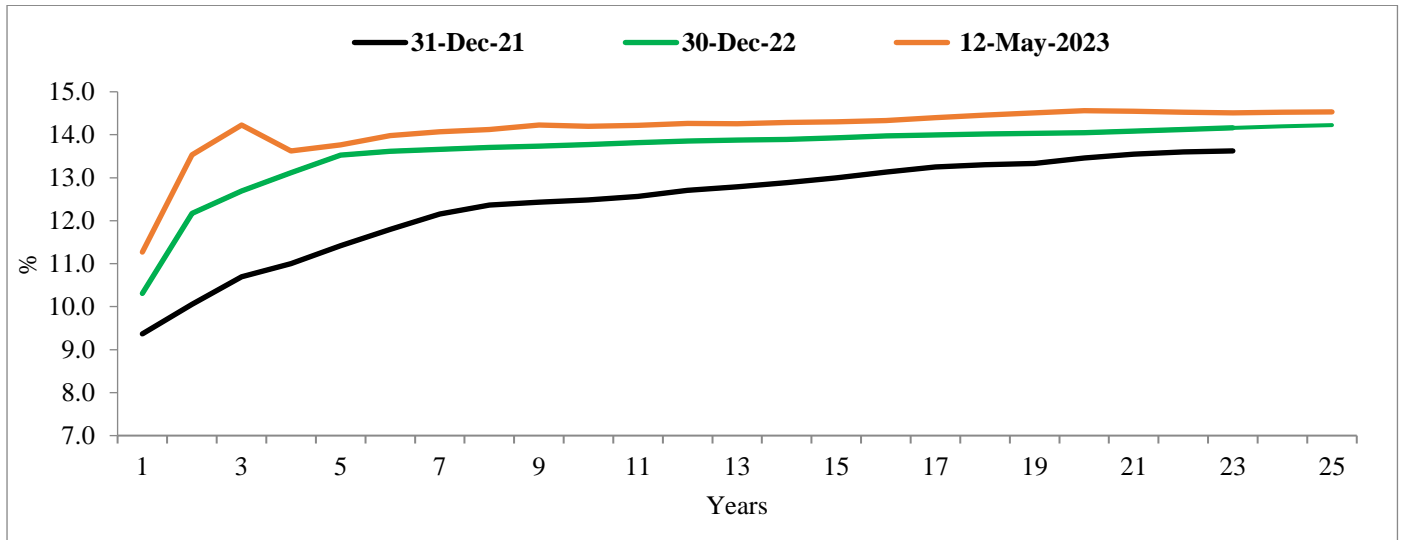
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 34.6bn for the 91-Day T-Bill, implying a subscription rate of 865.75%. It accepted bids worth KES 34.6bn at an average yield of 10.410% (+9.2bps w/w). The 182-Day T-Bill received bids worth KES 8.8bn, implying a performance rate of 88.44%. It accepted bids worth KES 8.8bn at an average yield of 10.853% (+17.5bps w/w). The 364-Day T-Bill received bids worth KES 1.9bn, implying a performance rate of 18.64%. It accepted bids worth KES 1.9bn at an average yield of 11.270% (+10.0bps w/w).

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



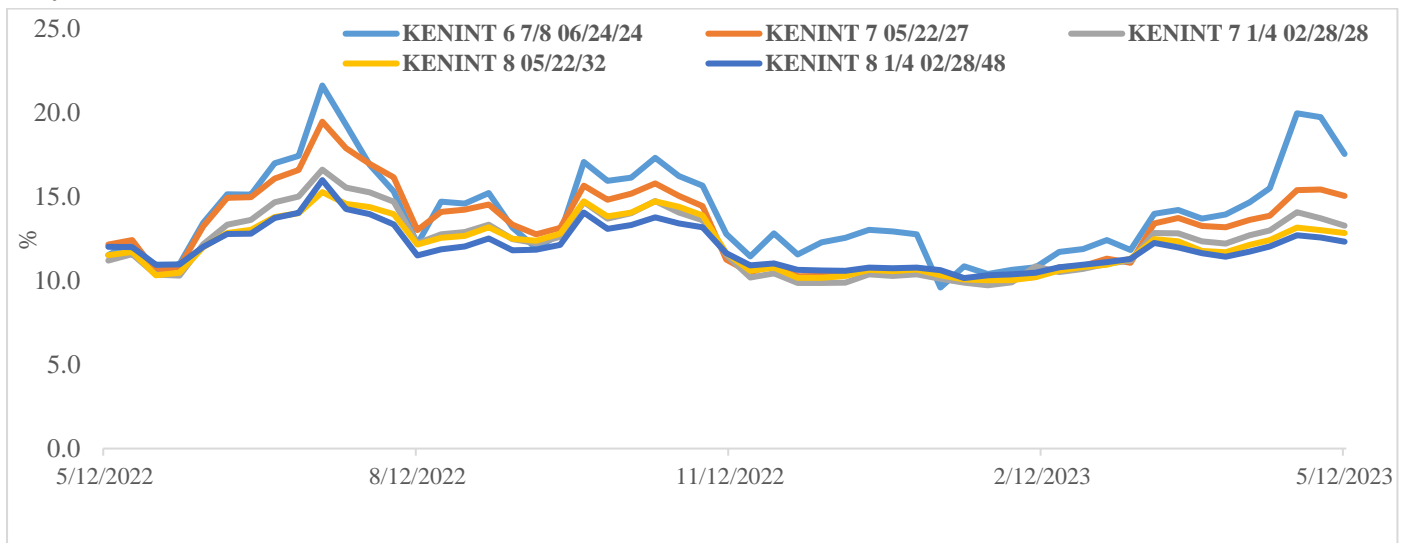
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors decline for the second consecutive 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	32.95	13.25	13.25	-45.1	3,878	36.2%	1.55	1.20	4.7	8.5	9.1	2.8	33.2	1,214,458	
Equity Bank	Banking	Dec	53.25	37.90	40.80	-8.3	1,125	10.5%	12.24	3.00	40.8	3.3	7.4	1.0	30.0	288,634	
EA Breweries	Breweries	Jun	187.00	110.00	140.25	-16.3	810	7.6%	15.00	11.00	20.5	9.4	7.8	6.8	73.2	2,279,761	
KCB Bank	Banking	Dec	43.50	28.50	28.50	-25.2	669	6.3%	12.64	2.00	62.3	2.3	7.0	0.5	20.3	192,498	
Co-op Bank	Banking	Dec	13.35	10.70	12.00	-2.4	514	4.8%	3.76	1.50	18.4	3.2	12.5	0.7	20.5	54,365	
Absa Bank	Banking	Dec	12.95	9.70	10.20	-17.1	405	3.8%	2.69	1.35	11.7	3.8	13.2	0.9	22.9	47,291	
NCBA Bank	Banking	Dec	40.90	23.60	32.05	-18.6	386	3.6%	10.02	4.25	49.1	3.2	13.3	0.7	20.4	42,174	
StanChart Bank	Banking	Dec	171.00	123.75	135.25	-5.3	373	3.5%	31.91	22.00	148.6	4.2	16.3	0.9	21.5	57,903	
BAT Kenya	Tobacco	Dec	479.75	404.00	466.50	1.4	341	3.2%	68.92	57.00	163.8	6.8	12.2	2.8	42.1	99,359	
Stanbic Bank	Banking	Dec	117.75	90.00	112.00	9.8	323	3.0%	27.49	12.60	141.9	4.1	11.3	0.8	19.4	24,057	
Bank of Kigali	Banking	Dec	34.50	27.00	32.00	1.6	210	2.0%	7.95	3.28	41.8	4.0	10.3	0.8	19.0	618	
I&M Holdings	Banking	Dec	21.00	16.50	16.95	-0.3	205	1.9%	5.74	1.50	41.4	3.0	8.8	0.4	13.9	16,846	
Umeme Ltd.	Power	Dec	15.05	6.58	14.00	88.7	166	1.6%	3.03	2.12	20.7	4.6	15.2	0.7	14.7	2,120	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	159	1.5%	(2.79)	-	(14.7)	-	-	-	-	-	
KenGen	Power	Jun	3.81	2.15	2.35	-27.0	113	1.1%	0.70	0.18	42.0	3.4	7.7	0.1	1.7	3,724	
DTB Bank	Banking	Dec	55.25	44.00	50.75	1.5	104	1.0%	17.27	3.00	250.7	2.9	5.9	0.2	6.9	15,409	
Jubilee Insurance	Insurance	Dec	270.00	148.25	180.00	-9.4	95	0.9%	82.21	14.00	618.5	2.2	7.8	0.3	13.3	9,196	
Total Oil	Oil	Dec	25.85	18.25	20.40	-14.5	94	0.9%	3.88	1.31	48.0	5.3	6.4	0.4	8.1	836	
Britam	Insurance	Dec	6.94	4.05	4.12	-20.8	76	0.7%	0.03	-	7.5	144.2	-	0.5	0.4	1,134	
Bamburi Cement	Cement	Dec	38.35	23.75	24.50	-22.2	65	0.6%	2.15	3.58	0.1	11.4	14.6	298.4	2,618.6	23,077	
Kakuzi	Agric	Dec	441.25	240.00	430.00	11.7	62	0.6%	43.15	24.00	303.5	10.0	5.6	1.4	14.2	459	
Sasini Tea & Coffee	Agric	Sept	129.00	19.00	31.30	39.4	52	0.5%	3.82	1.00	61.7	8.2	3.2	0.5	6.2	701	
Crown Paints	Manufac.	Dec	44.00	32.30	41.50	-0.8	43	0.4%	5.13	4.00	24.1	8.1	9.6	1.7	21.3	299	
Centum Investment	Finance	Mar	12.05	7.90	8.14	-2.6	40	0.4%	(2.01)	0.59	65.1	-	7.2	0.1	(3.1)	6,342	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	39	0.4%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Kenya Re	Insurance	Dec	2.25	1.54	1.82	-0.5	37	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,541	
CIC Insurance	Insurance	Dec	2.18	1.72	1.73	-11.3	33	0.3%	0.42	0.13	3.3	4.1	7.5	0.5	12.8	2,269	
Carbacid	Gases	July	14.15	10.55	12.90	7.5	24	0.2%	2.98	0.70	13.6	4.3	5.4	0.9	21.9	4,482	
Nation Media	Media	Dec	22.70	14.15	16.30	2.2	23	0.2%	16.74	1.49	43.1	1.0	9.1	0.4	38.9	1,954	
Kenya Power	Power	Jun	2.08	1.36	1.42	-9.0	20	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	6,292	
TPSEA Serena	Tourism	Dec	17.50	10.85	14.90	11.6	20	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	2,301	
Liberty K. Holdings	Insurance	Dec	7.48	3.65	3.69	-34.1	14	0.1%	0.15	-	15.9	24.2	-	0.2	1.0	48	
BOC Kenya	Gases	Dec	85.00	65.00	90.25	27.6	13	0.1%	7.58	5.95	85.1	11.9	6.6	1.1	8.9	291	
Unga Ltd	Food	Jun	34.75	15.00	21.00	-34.4	12	0.1%	2.48	-	58.3	8.5	-	0.4	4.2	295	
NSE	Finance	Dec	8.38	5.94	5.94	-12.4	11	0.1%	0.05	0.20	7.1	112.3	3.4	0.8	0.7	1,444	
Housing Finance	Banking	Dec	4.18	2.86	3.76	17.9	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,346	
Sanlam Kenya	Insurance	Dec	14.90	7.26	8.60	-10.2	9	0.1%	(3.77)	-	3.9	-	-	2.2	(97.1)	48	
WPP Scangroup	Media	Dec	3.95	2.70	2.85	-5.3	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	660	
Car & Gen	Motors	Sept	49.00	28.05	27.90	-41.2	8	0.1%	26.33	3.20	135.8	1.1	11.5	0.2	19.4	269	
Limuru Tea	Agric	Dec	510.00	320.00	400.00	-4.8	7	0.1%	4.73	2.50	80.9	84.6	0.6	4.9	5.8	147	
Standard Newspapers	Media	Dec	14.75	8.16	9.70	-7.2	6	0.1%	(10.05)	-	0.4	-	-	22.1	(2,284.0)	27	
Longhorn	Publishing	Jun	4.07	2.01	2.28	-24.0	5	0.0%	0.62	-	2.8	3.7	-	0.8	22.2	200	
EA Portland	Cement	Jun	8.80	5.94	5.70	-16.2	4	0.0%	6.02	-	239.8	0.9	-	0.0	2.5	17	
TransCentury	Finance	Dec	1.30	0.79	0.88	-5.4	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	56	
												Average	12.1	9.2	3.8	43.2	4,409,820

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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