

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.13	17.00	94.9%	BUY
Equity bank	47.71	48.00	-0.6%	HOLD
KCB bank	66.26	39.50	67.7%	BUY
Co-op bank	20.33	14.60	39.2%	BUY
ABSA bank	11.97	15.40	-22.3%	SELL
StanChart bank	262.64	254.50	3.2%	HOLD
NCBA bank	36.1	44.60	-19.1%	SELL
I&M bank	35.09	31.90	10.0%	HOLD
Stanbic bank	84.7	134.00	-36.8%	SELL
DTB bank	92.65	58.00	59.7%	BUY
EABL	151.28	180.00	-16.0%	SELL
Bamburi Cement	44.37	48.65	-8.8%	HOLD
BAT Kenya	460.00	350.00	31.4%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom touched a six-week high on increased foreign demand. The NSE sustained a four-day gaining streak. Foreign investors dominated trading for the week at 62.5% of trading activity. Foreign investors emerged as net buyers at USD 1.7m (KES 225.3m). Safaricom registered the highest net foreign inflows at USD 2.6m (KES 335.7m), while KCB Bank marked the highest net foreign inflows at USD 0.9m (KES 118.2m).

Debt market commentary and outlook

- Total subscription rates fell to 69.2% from 176.3% the previous week, declining for the fifth week. Investors remained skewed on the 91-Day T-Bill. Activity declined for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill declining consecutively for the twenty-first week, and the 182-Day T-Bill and the 364-Day T-Bill declining repeatedly for the twentieth week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,880.3	13.3%	11.3%	24.2%	30.3%	22.5%	25.3%
Kenya NASI	119.1	13.8%	11.7%	28.3%	38.9%	15.6%	29.3%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	3.2%	0.4%	7.7%	-6.6%	49.2%	0.3%
Johannesburg Index	1.0%	4.8%	-0.4%	10.4%	1.7%	-2.2%
Nigeria Stock Exchange	2.6%	6.9%	-1.3%	-11.3%	-25.7%	10.0%
Ghana Stock Exchange	0.8%	9.2%	4.7%	11.4%	-1.9%	-2.6%
Egyptian Stock Exchange	-1.8%	-3.0%	1.0%	13.7%	-30.7%	0.1%
MSCI EFM ex SA Index	0.0%	1.0%	-0.1%	2.0%	5.2%	42.2%

Other market statistics

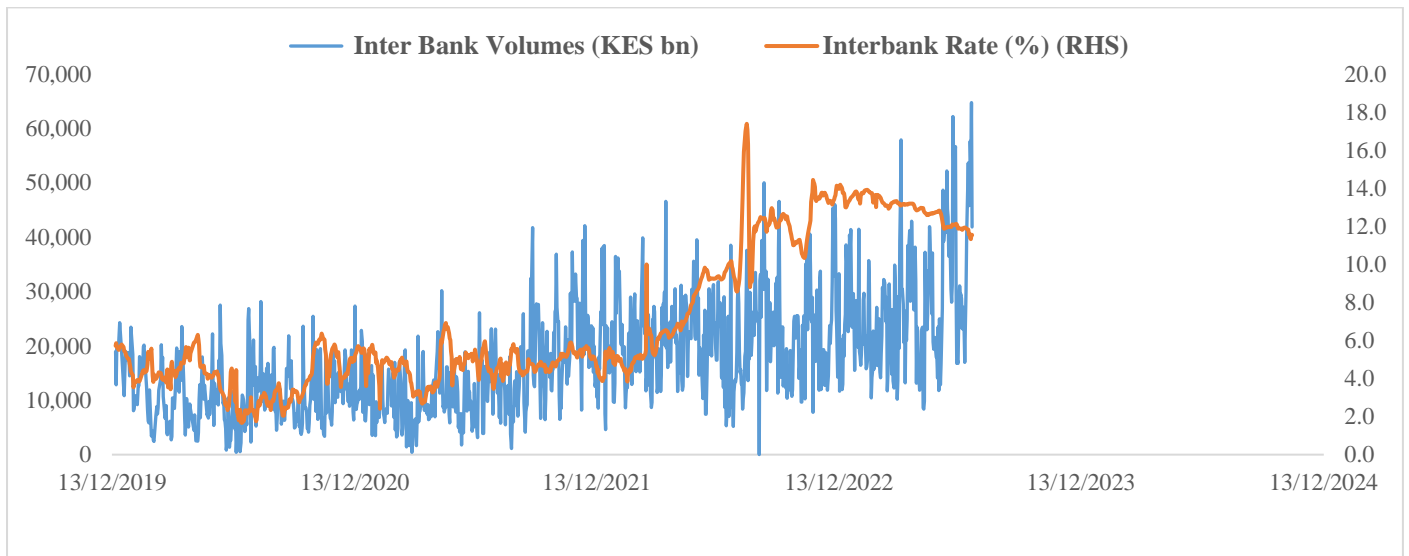
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.30	0.0%	0.0%	-0.2%	-0.3%	19.8%	1.8%
USD/ZAR	17.87	0.9%	0.9%	-2.6%	3.8%	-0.4%	0.3%
USD/EGP	50.82	-1.7%	-1.3%	-1.9%	-1.5%	-35.2%	0.0%
USD/NGN	1548.30	1.9%	5.6%	-1.6%	-8.8%	-46.5%	14.0%
USD/GHS	14.71	1.0%	7.4%	-1.7%	-4.0%	-20.1%	-0.7%

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	1446.0	335.7	70.5%	4.6%	22.3%	-11.9%	30.8%
KCB Bank	198.4	-118.2	29.8%	4.1%	80.4%	-0.1%	107.9%
Equity Bank	73.2	35.6	43.1%	5.7%	42.6%	-4.0%	42.6%
NewGold ETF	43.0	-43.0	50.0%	1.2%	11.8%	-2.1%	88.5%
BK Group	42.9	0.0	99.6%	13.2%	-4.3%	-4.0%	42.6%

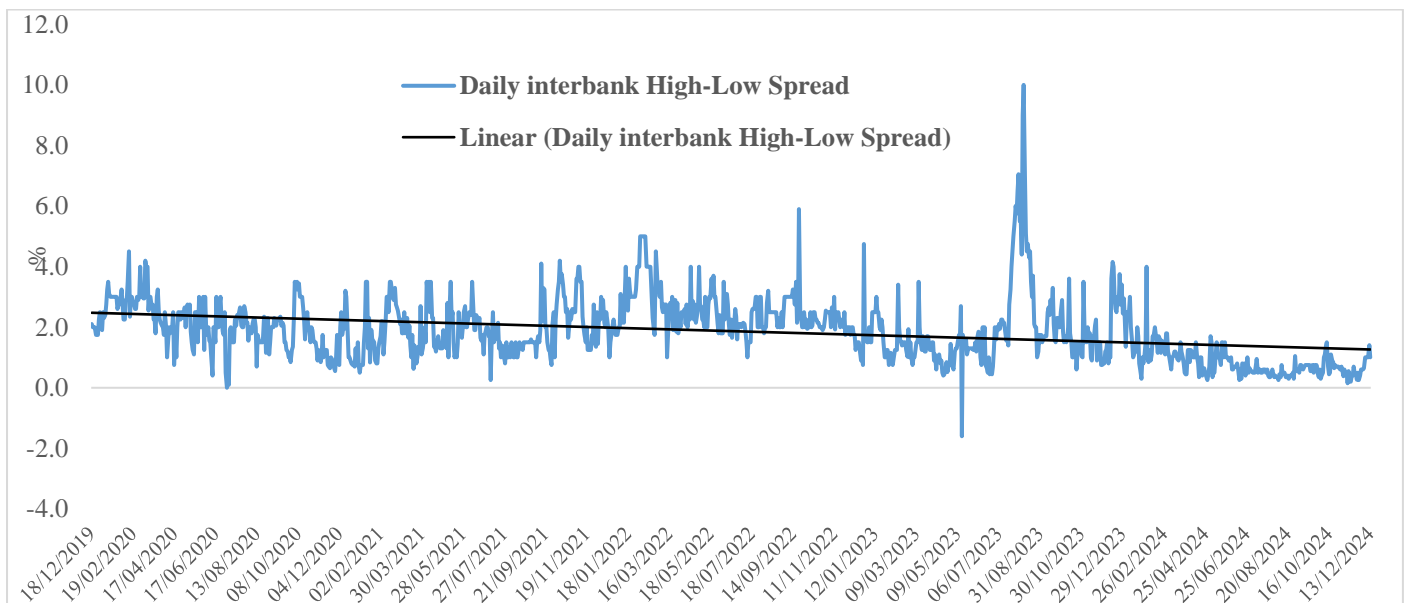
Key Rates and Spreads

Inter-bank Rates decline for the second week.



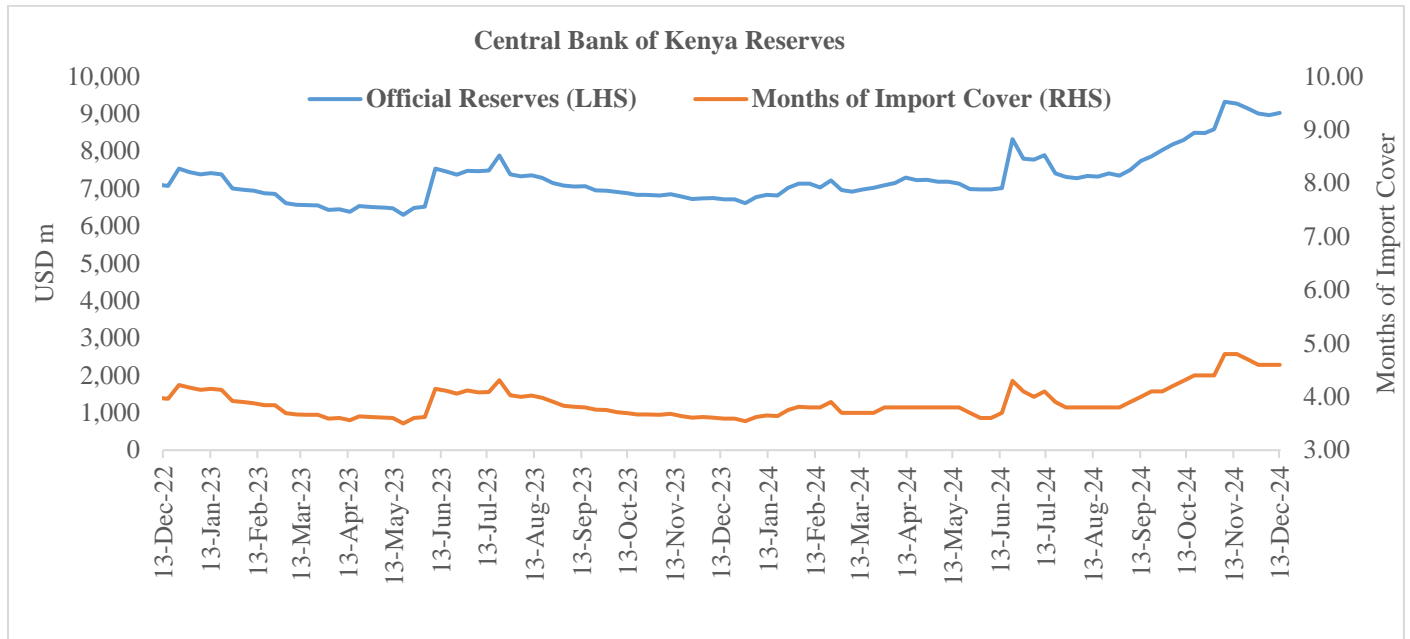
Source: CBK

Interbank spreads remain steady.



Source: CBK

Months of import cover and CBK FX reserves increase, breaking a four-week losing streak.



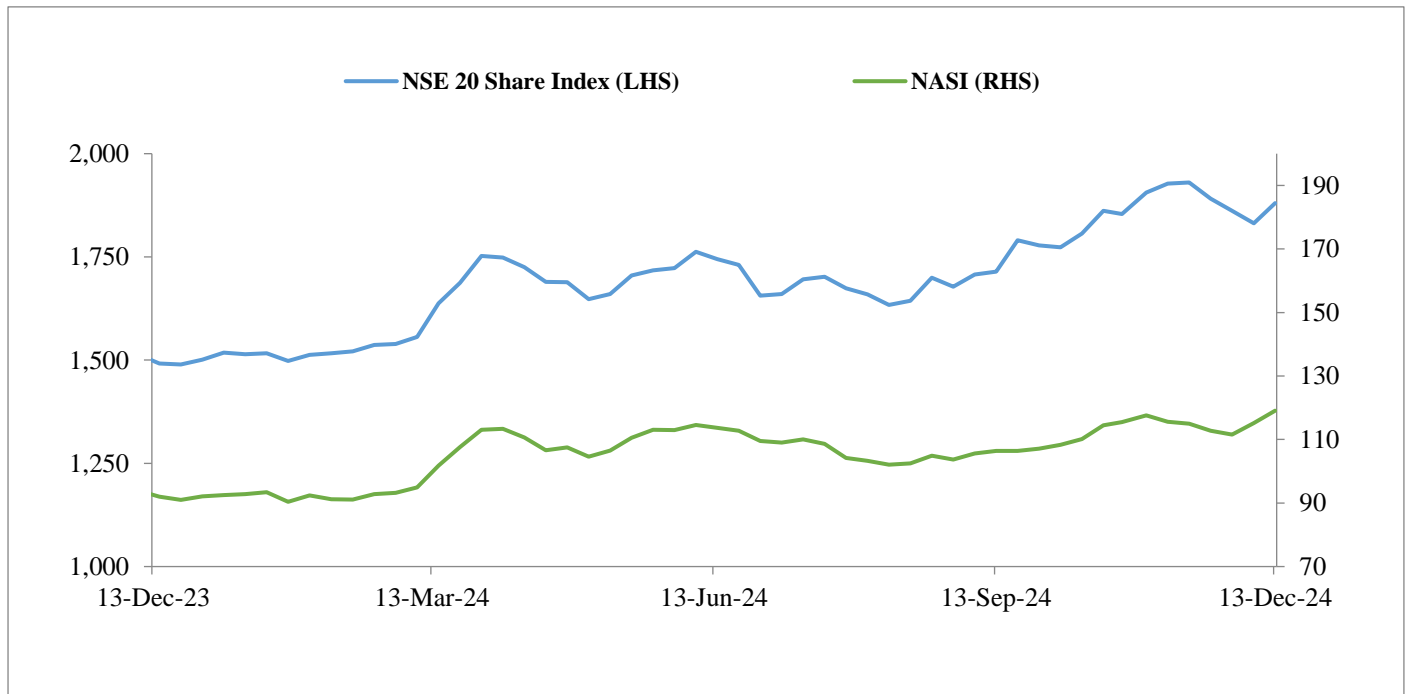
Source: CBK

Equity market trading commentary

Total market turnover improved by 3.6% settling at USD 15.3m (KES 119.5m). The NASI climbed by 3.4% to conclude at 110.08, maintaining a two-week gaining streak. The NSE 20 improved to 1880.25, breaking a three-week losing streak. Foreign investors dominated trading for the week at 62.5% of trading activity. Foreign investors emerged as net buyers at USD 1.7m (KES 225.3m). Safaricom registered the highest net foreign inflows at USD 2.6m (KES 335.7m), while KCB Bank marked the highest net foreign inflows at USD 0.9m (KES 118.2m).

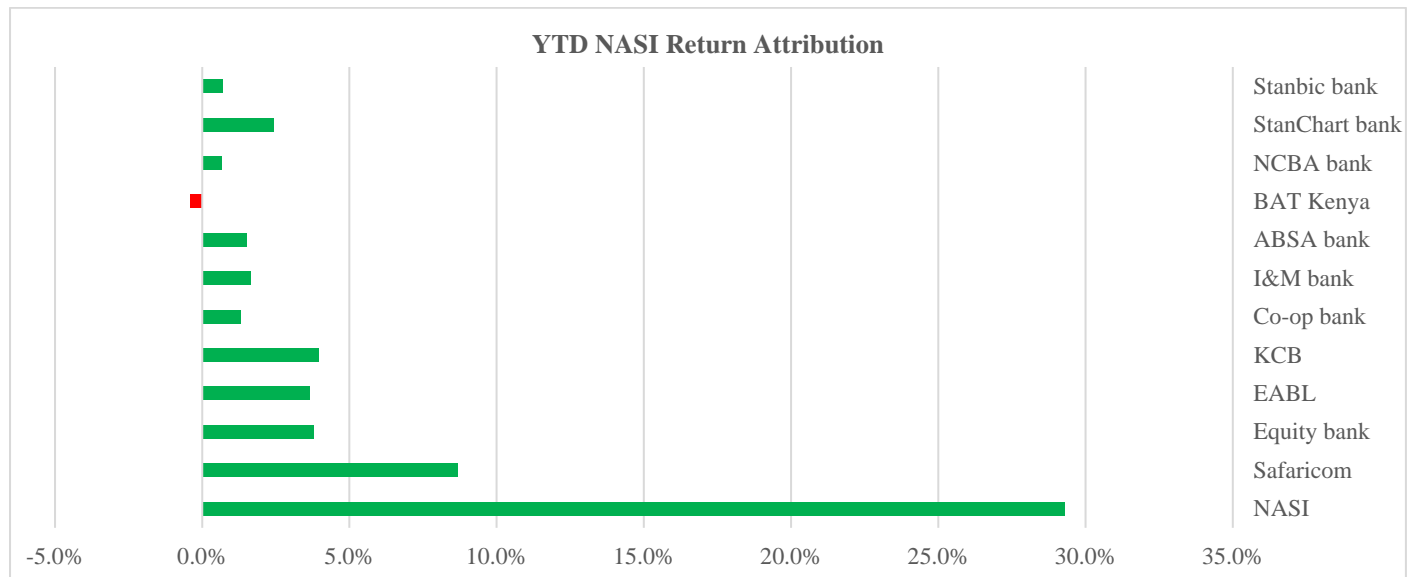
During the week, Safaricom touched a six-week high on increased foreign demand. The NSE sustained a four-day gaining streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

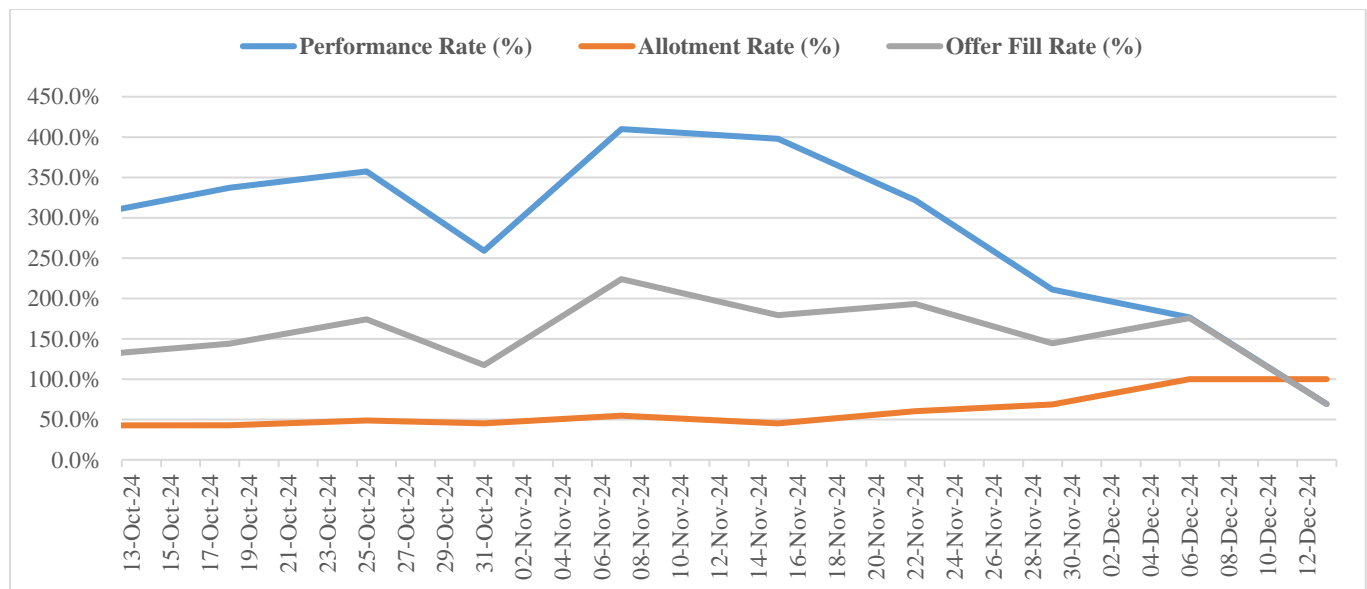
Total subscription rates fell to 69.2% from 176.3% the previous week, declining for the fifth week. Investors remained skewed on the 91-Day T-Bill. Activity declined for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill declining consecutively for the twenty-first week, and the 182-Day T-Bill and the 364-Day T-Bill declining repeatedly for the twentieth week.

The CBK also 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 5.8bn for the 91-Day T-Bill, implying a subscription rate of 146.21%. It accepted bids worth KES 5.8bn at an average yield of 10.031% (-42.5 bps w/w).

The 182-Day T-Bill received bids worth KES 3.1 bn, implying a performance rate of 30.85%. It accepted bids worth KES 3.1bn at an average yield of 10.002% (-54.7 bps w/w).

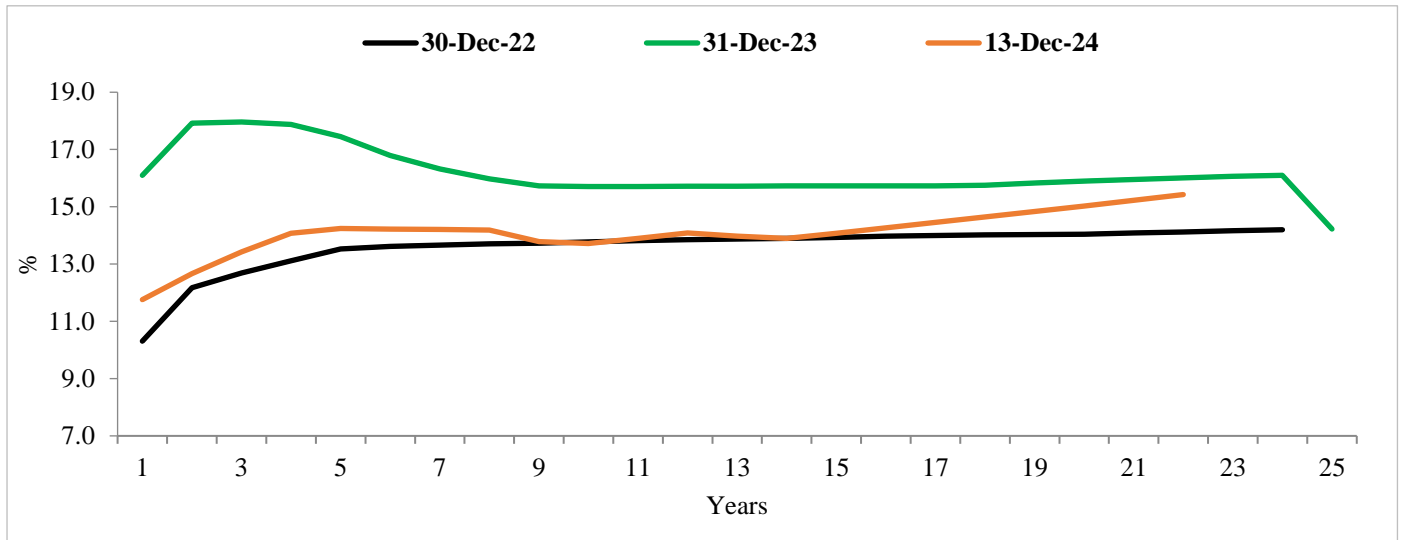
The 364-Day T-Bill received bids worth KES 7.7bn, implying a performance rate of 76.69%. It accepted bids worth KES 7.7bn at an average yield of 11.757% (-21.0bps w/w).

T-Bills Performance rates



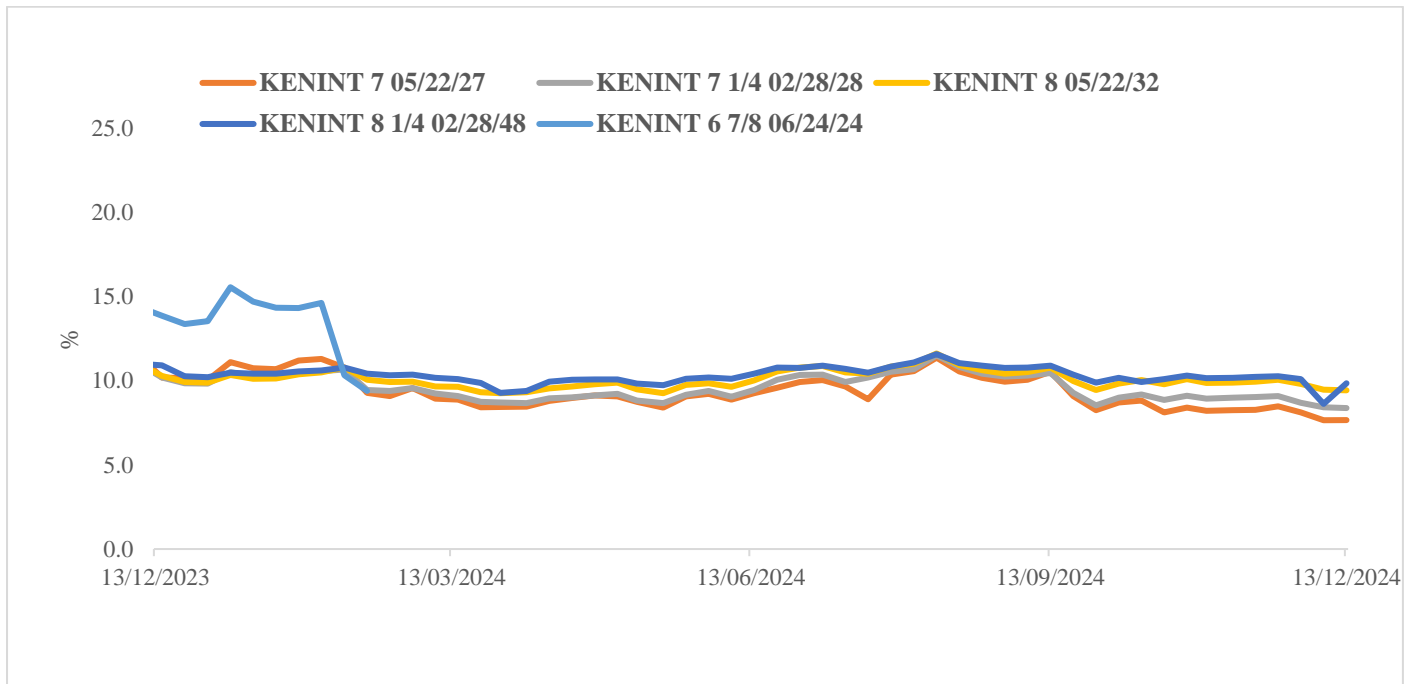
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields decline consecutively for the third week across all tenors.



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading ¹ vol (USD)
Safaricom	Telecom	Mar	19.30	13.00	17.00	22.3	5,268	36.4%	1.06	1.20	4.7	16.0	7.1	3.6	22.7	925,394
Equity Bank	Banking	Dec	50.00	33.65	48.00	42.6	1,401	9.7%	20.58	4.00	48.7	2.3	8.3	1.0	42.2	338,959
EA Breweries	Breweries	Jun	199.75	100.00	180.00	57.9	1,101	7.6%	11.38	6.00	27.1	15.8	3.3	6.6	42.0	202,920
Co-op Bank	Banking	Dec	15.05	10.95	14.60	28.1	662	4.6%	6.91	1.50	18.4	2.1	10.3	0.8	37.5	37,595
NCBA Bank	Banking	Dec	45.20	36.30	44.60	14.5	568	3.9%	13.30	3.00	53.7	3.4	6.7	0.8	24.8	27,450
Absa Bank	Banking	Dec	15.55	11.15	15.40	34.5	647	4.5%	3.46	1.55	12.0	4.4	10.1	1.3	28.8	23,870
KCB Bank	Banking	Dec	39.55	19.00	39.50	80.4	982	6.8%	15.79	1.50	68.1	2.5	3.8	0.6	23.2	274,376
StanChart Bank	Banking	Dec	254.50	154.25	254.50	57.1	744	5.1%	38.05	37.00	158.0	6.7	14.5	1.6	24.1	28,753
Stanbic Bank	Banking	Dec	135.75	101.75	134.00	23.2	410	2.8%	31.16	15.00	140.8	4.3	11.2	1.0	22.1	28,147
BAT Kenya	Tobacco	Dec	436.75	331.75	350.00	-14.1	271	1.9%	48.82	54.02	163.8	7.2	15.4	2.1	29.8	41,696
BK Group	Banking	Dec	37.00	30.15	34.25	-4.3	238	1.6%	10.26	3.28	46.8	3.3	9.6	0.7	21.9	57,570
I&M Holdings	Banking	Dec	34.24	17.15	31.90	82.3	408	2.8%	8.48	3.85	47.8	3.8	12.1	0.7	17.7	28,892
Umeme Ltd.	Power	Dec	17.20	13.35	16.55	3.4	208	1.4%	0.26	0.92	22.0	63.3	5.6	0.8	1.2	3,221
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.2%	2.63	-	(14.7)	1.5	-	-	-	-
Bamburi Cement	Cement	Dec	82.00	33.95	48.65	35.7	137	0.9%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	21,195
KenGen	Power	Jun	4.13	1.96	3.44	71.1	175	1.2%	1.03	0.65	41.6	3.3	18.9	0.1	2.5	49,209
Jubilee Insurance	Insurance	Dec	200.00	150.00	170.50	-7.8	96	0.7%	67.32	12.00	613.8	2.5	7.0	0.3	11.0	8,132
DTB Bank	Banking	Dec	60.25	43.25	58.00	28.7	125	0.9%	29.76	6.00	256.8	1.9	10.3	0.2	11.6	22,468
Britam	Insurance	Dec	6.38	4.48	5.78	20.7	113	0.8%	1.45	-	9.2	4.0	-	0.6	15.6	2,326
Total Oil	Oil	Dec	23.75	16.45	20.00	11.1	97	0.7%	5.12	1.92	48.0	3.9	9.6	0.4	10.7	863
Kakuzi	Agric	Dec	440.00	353.50	385.00	0.0	58	0.4%	34.98	24.00	303.5	11.0	6.2	1.3	11.5	2,243
CIC Insurance	Insurance	Dec	2.47	1.98	2.06	-8.0	42	0.3%	0.55	-	3.3	3.7	-	0.6	16.9	1,439
Centum Investment	Finance	Mar	10.05	7.88	9.60	14.3	49	0.3%	(8.95)	0.32	55.8	-	3.3	0.2	(16.1)	8,310
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	40.05	29.50	31.40	-11.9	35	0.2%	(0.47)	4.00	24.1	-	8.2	2.0	(2.0)	21,195
Kenya Re	Insurance	Dec	2.87	1.04	1.16	-38.3	25	0.2%	1.78	0.30	13.4	0.7	25.9	0.1	13.2	41,009
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	14.50	-27.5	26	0.2%	3.11	0.50	61.7	4.7	3.4	0.2	5.0	1,103
Carbacid	Gases	July	24.10	14.75	17.80	18.7	35	0.2%	4.01	1.70	13.6	4.4	9.6	1.3	12.6	6,681
Nation Media	Media	Dec	22.00	11.75	12.00	-40.1	18	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,646
Kenya Power	Power	Jun	5.24	1.35	4.15	192.3	63	0.4%	15.41	0.70	29.1	0.3	16.9	0.1	52.9	60,761
TPSEA Serena	Tourism	Dec	20.05	11.75	14.40	-12.5	20	0.1%	8.08	-	33.3	1.8	-	0.4	24.3	257
Liberty K. Holdings	Insurance	Dec	8.00	3.65	6.30	70.7	26	0.2%	2.04	0.37	15.9	3.1	5.9	0.4	12.8	228
BOC Kenya	Gases	Dec	95.00	67.00	88.25	7.6	13	0.1%	10.73	8.55	85.1	8.2	9.7	1.0	12.6	319
NSE	Finance	Dec	6.62	5.44	5.96	-1.0	12	0.1%	0.21	0.16	7.1	28.3	2.7	0.8	3.0	5,222
Housing Finance	Banking	Dec	4.79	3.25	4.09	17.5	12	0.1%	1.23	-	20.5	3.3	-	0.2	6.0	414
Unga Ltd	Food	Jun	17.70	11.45	16.25	-3.6	10	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	428
Sanlam Kenya	Insurance	Dec	7.60	3.90	4.47	-25.5	5	0.0%	2.27	-	3.9	2.0	-	1.2	58.6	1,439
Car & Gen	Motors	Sept	30.40	18.85	20.35	-18.6	6	0.0%	(7.68)	-	135.8	-	-	0.1	(5.7)	154
Limuru Tea	Agric	Dec	380.00	350.00	350.00	-7.9	6	0.0%	0.11	1.00	80.9	-	0.3	4.3	0.1	5
WPP Scangroup	Media	Dec	2.80	1.90	2.06	-5.5	7	0.0%	0.06	-	11.9	32.4	-	0.2	0.5	837
EA Portland	Cement	Jun	50.75	4.46	32.45	305.6	23	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,787
Standard Newspapers	Media	Dec	7.86	4.70	5.16	-33.3	3	0.0%	(10.05)	-	0.4	-	-	11.7	(2,284)	50
Longhorn	Publishing	Jun	2.6	2.02	2.30	-4.6	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	37
TransCentury	Finance	Dec	0.71	0.32	0.41	-21.2	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	474
Average												13.2	8.6	2.3	24.5	2,293,042

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