

## Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	22.00	60.0%	BUY
Equity bank	70.69	46.55	51.0%	BUY
KCB bank	68.17	38.70	76.1%	BUY
Co-op bank	19.83	12.60	57.4%	BUY
ABSA bank	14.44	12.25	17.9%	BUY
StanChart bank	122.25	155.50	-21.4%	SELL
NCBA bank	43.98	38.70	13.6%	HOLD
I&M bank	32.61	17.00	91.8%	BUY
Stanbic bank	109.98	102.00	1.1%	HOLD
DTB bank	130.90	53.00	145.3%	BUY
EABL	223.42	172.50	29.5%	BUY
Bamburi Cement	60.07	29.05	106.8%	BUY
BAT Kenya	549.38	450.00	22.1%	BUY

## Kenya Weekly Commentary

### Kenya Market Summary

#### Equity market commentary and outlook

- During the week, EABL hit a 30-month high buoyed by local demand. Similarly, Equity bank rallied to a 1-month high on the back of foreign demand. On account of foreign demand, Stanbic bank touched a 2-year high. Safaricom sustained a 3-day losing streak as foreign investors sold out of the counter.

#### Debt market commentary and outlook

- Overall subscription rates decreased to 108.9%, down from 131.9% posted the previous week, driven by continued demand on the 91-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill notched up from the second straight week. The yield on the 182-day T-Bill trended up for the twenty-fourth consecutive week.

### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,695.2	-0.6%	2.6%	1.1%	0.8%	-10.8%	1.1%
Kenya NASI Return	123.3	-2.8%	-4.1%	-2.4%	-13.4%	-25.3%	-3.3%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-17.2%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-23.0%	0.0%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	0.0%	-1.5%	0.0%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.1%	-4.7%	-7.3%	-17.1%	-31.6%	-3.7%
Johannesburg Index	6.2%	12.9%	30.9%	23.9%	-4.2%	9.5%
Nigeria Stock Exchange	3.2%	3.9%	5.4%	-7.7%	6.3%	2.4%
Ghana Stock Exchange	-14.0%	-24.9%	-8.5%	-32.5%	-53.8%	-15.3%
Egyptian Stock Exchange	-10.9%	-14.3%	4.8%	13.1%	-31.4%	-10.9%
MSCI EFM ex SA Index	-2.9%	-8.2%	-0.1%	-8.1%	-28.8%	-4.0%

**Other market statistics**

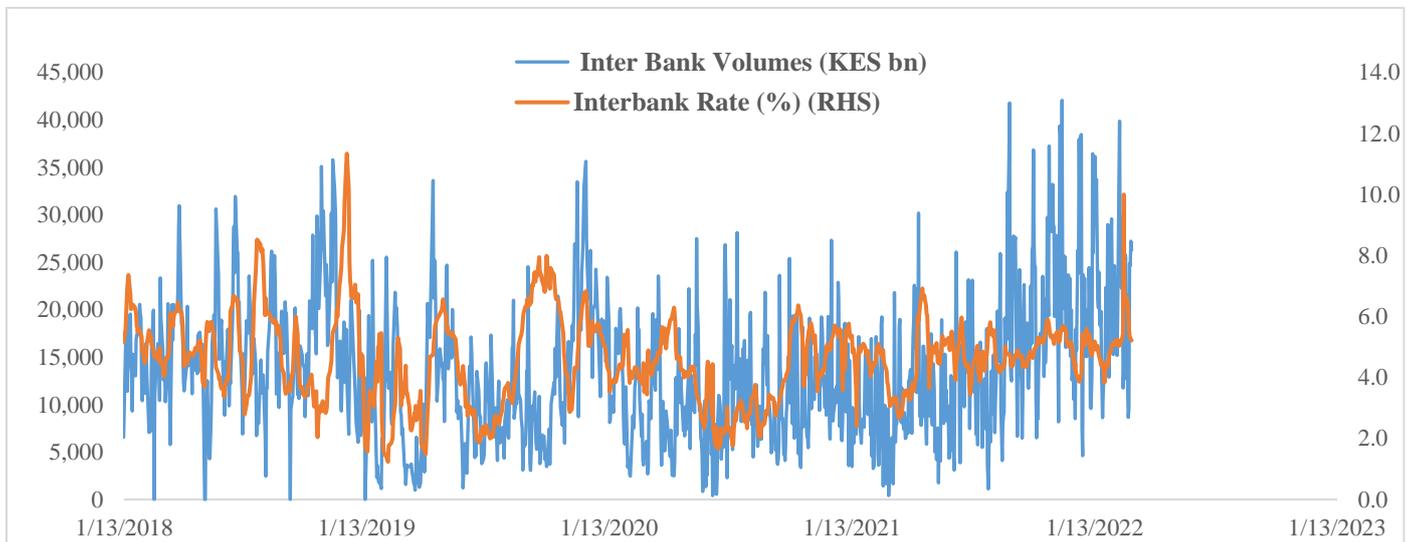
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	122.9	0.6%	0.1%	-1.5%	-3.7%	-7.7%	0.4%
USD/ZAR	16.9	2.2%	4.8%	8.0%	1.8%	-9.1%	1.0%
USD/EGP	29.5	-8.0%	-16.5%	-33.5%	-36.1%	-46.9%	-16.2%
USD/NGN	461.1	0.0%	-2.4%	-4.5%	-8.4%	-9.7%	0.0%
USD/GHS	11.9	-13.8%	-24.5%	-7.7%	-31.8%	-48.0%	-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	350.3	-194.0	50.8%	-2.4%	-2.4%	-43.4%	0.0%
Equity bank	266.0	24.1	85.9%	2.2%	4.6%	-13.0%	19.4%
EABL	197.3	34.5	75.8%	-2.7%	-2.7%	-1.0%	56.8%
NCBA bank	106.2	-0.7	0.3%	-2.4%	-1.7%	-3.3%	68.3%
Stanbic bank	84.4	31.8	57.5%	6.4%	6.6%	0.0%	25.0%

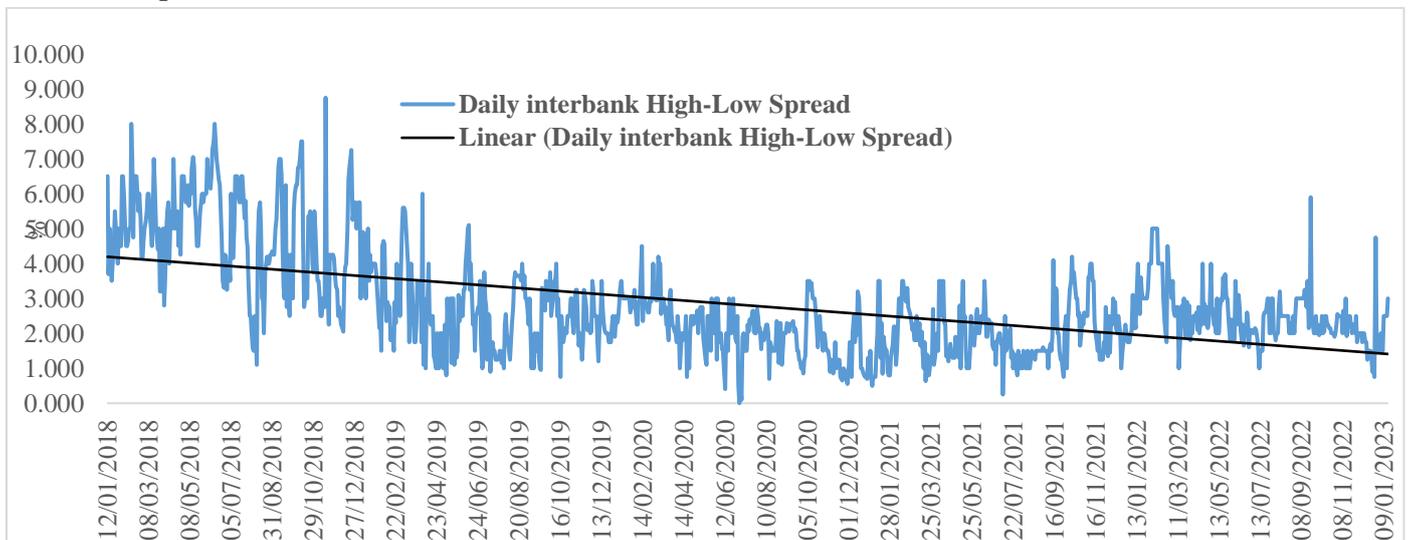
**Key Rates and Spreads**

**Inter-bank rate decreases the third consecutive week**



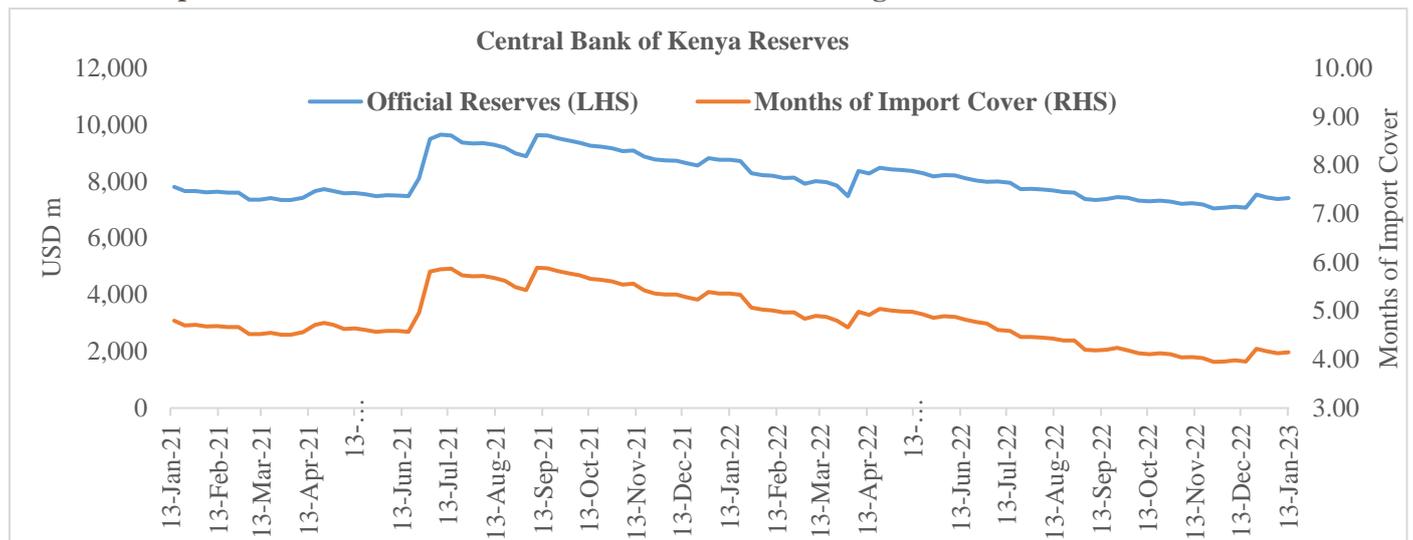
Source: CBK

**Inter-bank spreads widen week-on-week**



Source: CBK

Months of import cover and CBK FX reserves increases after declining in the last two weeks



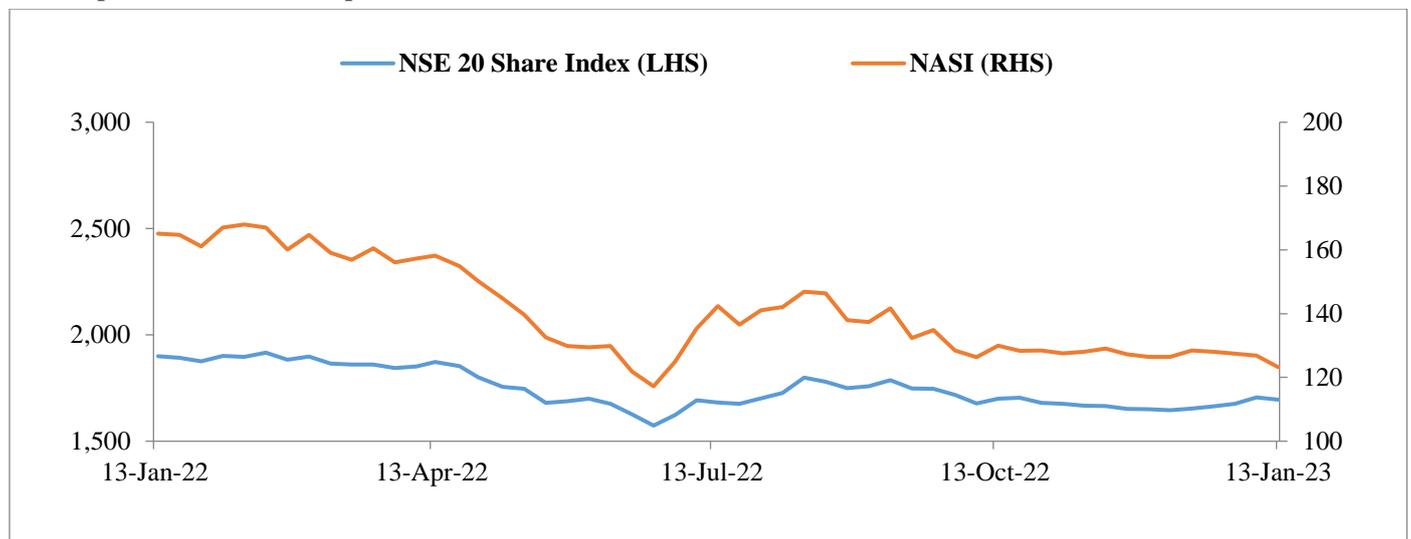
Source: CBK

Equity market trading commentary

Equity turnover grew by 50.6% w/w to end at USD 9.4m (KES 1.2bn). For the fourth straight week, the NASI edged down 2.8% w/w to 123.26 and the NSE 20 halted a 4-weeks gaining streak to settle at 1,695.23. Foreign investors stood out as overall net sellers at USD 1.2m (KES 143.3m) for the fifth successive week. Foreign investors drove activity at the bourse at 54.4% of total turnover, slightly up from 54.1% registered last week. Safaricom marked the highest net foreign outflows at USD 1.6m (KES 194.0m). On the other hand, EABL, Stanbic bank and Equity bank recorded the highest net foreign inflows.

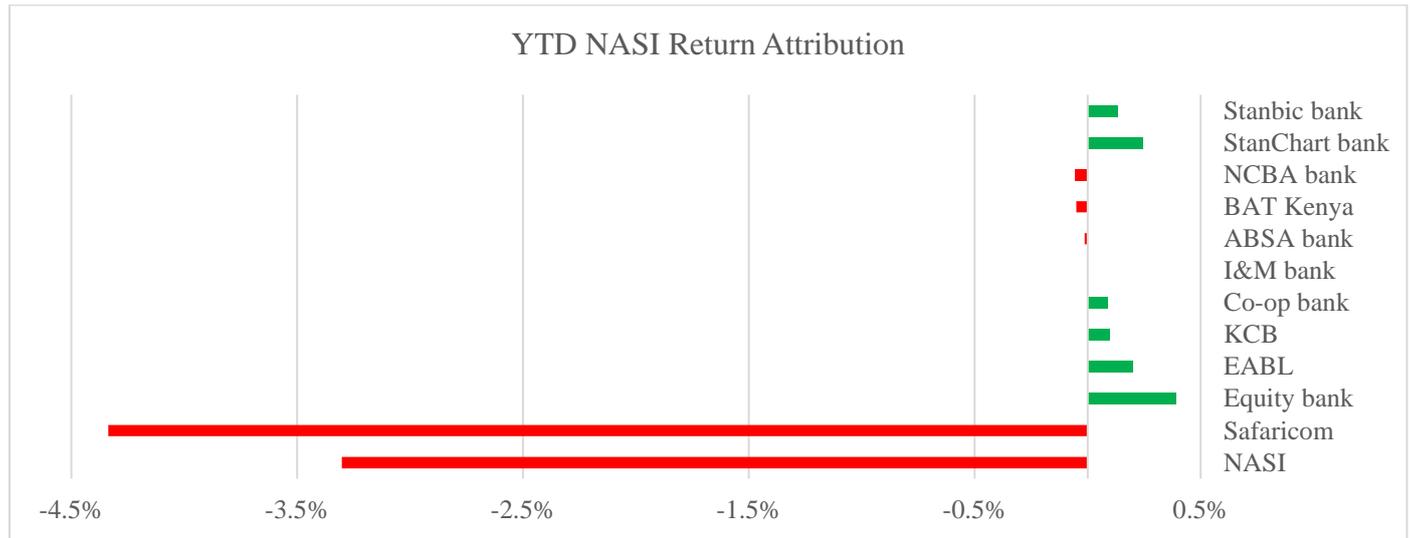
During the week, EABL hit a 30-month high buoyed by local demand. Similarly, Equity bank rallied to a 1-month high on the back of foreign demand. On account of foreign demand, Stanbic bank touched a 2-year high. Safaricom sustained a 3-day losing streak as foreign investors sold out of the counter.

Market performance over the past 12 months



Source: NSE

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



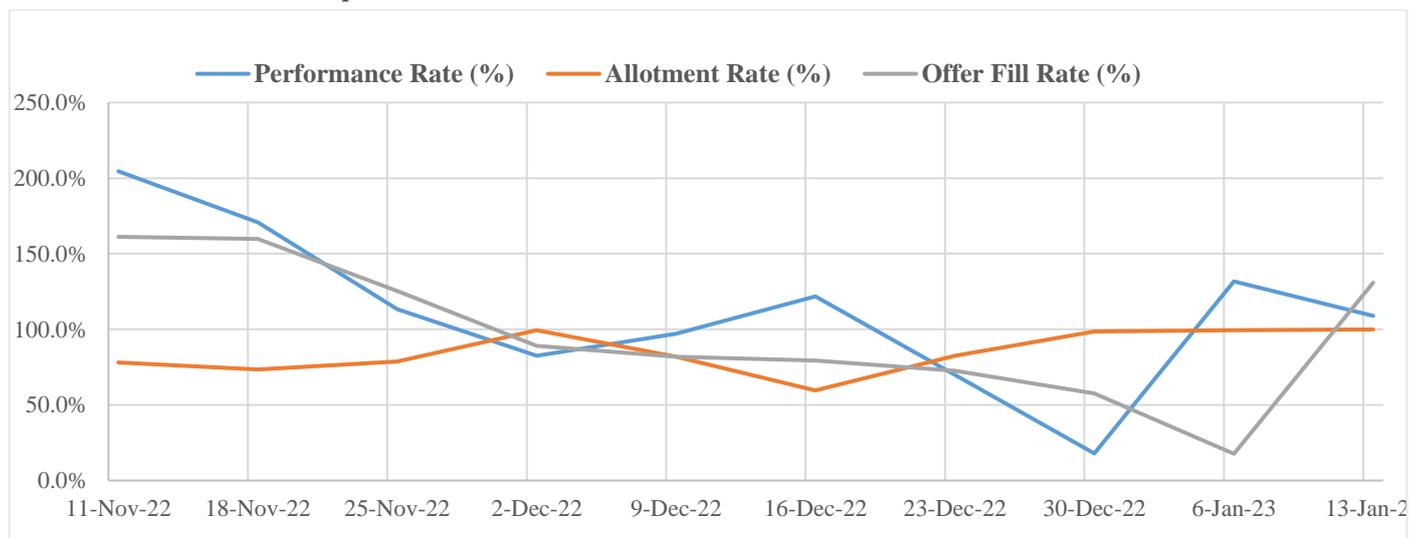
Source: Kestrel Research

**Debt market trading commentary**

Overall subscription rates decreased to 108.9%, down from 131.9% posted the previous week, driven by continued demand on the 91-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill notched up from the second straight week. The yield on the 182-day T-Bill trended up for the twenty-fourth consecutive week.

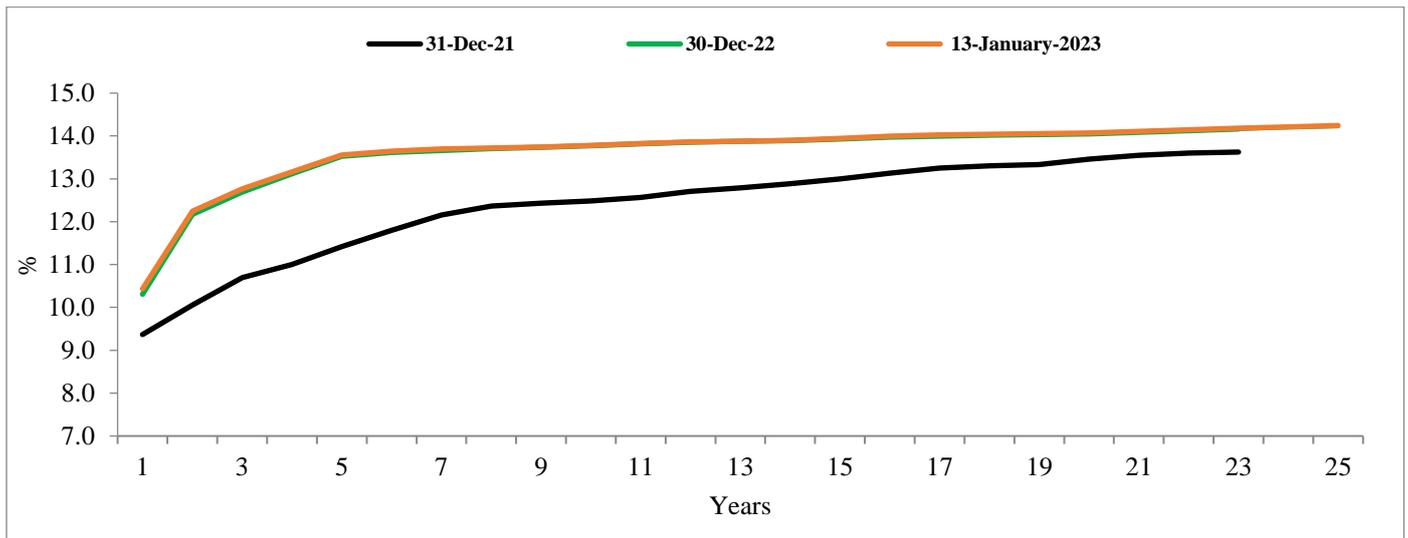
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 15.7bn for the 91-Day T-Bill, implying a subscription rate of 392.34%. It accepted bids worth KES 15.7bn at an average yield of 9.425% (+3.3bps w/w). The 182-Day T-Bill received bids worth KES 5.8bn, implying a performance rate of 57.70%. It accepted bids worth KES 5.8bn at an average yield of 9.859% (+1.2bps w/w). The 364-Day T-Bill received bids worth KES 4.7bn, implying a performance rate of 46.69%. It accepted bids worth KES 4.7bn at an average yield of 10.432% (+6.3bps w/w).

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



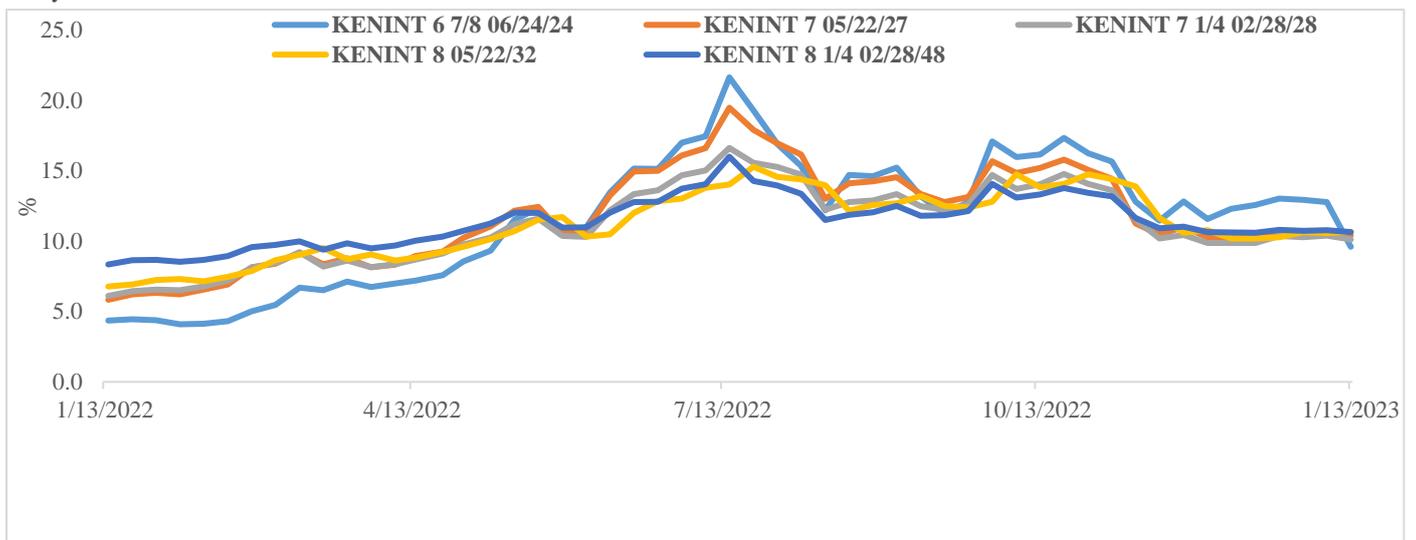
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors decline week-on-week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market <sup>1</sup>	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading <sup>1</sup>
Safaricom	Telecom	Mar	38.90	22.00	22.00	-8.9	7,118	45.7%	1.74	1.39	3.5	12.7	6.3	6.3	49.9	687,189
Equity Bank	Banking	Dec	53.50	39.00	46.55	4.6	1,419	9.1%	12.24	3.00	40.8	3.8	6.4	1.1	30.0	502,413
EA Breweries	Breweries	Jun	174.25	110.00	172.50	3.0	1,102	7.1%	15.00	11.00	20.5	11.5	6.4	8.4	73.2	245,124
KCB Bank	Banking	Dec	47.00	35.00	38.70	1.6	1,004	6.4%	12.25	3.00	58.4	3.2	7.8	0.7	21.0	191,477
Co-op Bank	Banking	Dec	13.30	10.70	12.60	2.4	597	3.8%	3.75	1.00	17.2	3.4	7.9	0.7	21.8	34,424
Absa Bank	Banking	Dec	12.70	9.70	12.25	-0.4	537	3.4%	2.15	1.10	10.9	5.7	9.0	1.1	19.7	50,101
NCBA Bank	Banking	Dec	40.00	23.00	38.70	-1.7	515	3.3%	10.02	4.25	49.1	3.9	11.0	0.8	20.4	34,496
StanChart Bank	Banking	Dec	159.00	123.75	155.50	8.9	475	3.0%	30.18	13.00	146.8	5.2	8.4	1.1	20.6	28,891
BAT Kenya	Tobacco	Dec	509.00	404.00	450.00	-2.2	363	2.3%	67.10	55.00	129.1	6.7	12.2	3.5	52.0	124,181
Stanbic Bank	Banking	Dec	108.75	87.00	108.75	6.6	347	2.2%	22.99	7.30	127.4	4.7	6.7	0.9	18.0	19,645
I&M Holdings	Banking	Dec	21.50	16.50	17.00	0.0	227	1.5%	5.74	1.50	41.4	3.0	8.8	0.4	13.9	6,341
Bank of Kigali	Banking	Dec	32.75	27.00	30.00	-4.8	217	1.4%	7.95	3.28	41.8	3.8	10.9	0.7	19.0	719
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	176	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.18	3.17	3.18	-1.2	169	1.1%	0.16	0.18	32.4	20.0	5.7	0.1	0.5	8,583
DTB Bank	Banking	Dec	60.00	46.00	53.00	6.0	120	0.8%	17.27	3.00	250.7	3.1	5.7	0.2	6.9	29,254
Jubilee Insurance	Insurance	Dec	310.00	187.75	195.00	-1.9	114	0.7%	94.22	14.00	544.4	2.1	7.2	0.4	17.3	5,207
Total Oil	Oil	Dec	25.85	21.75	22.40	-6.1	114	0.7%	4.35	1.31	45.4	5.1	5.8	0.5	9.6	598
Britam	Insurance	Dec	7.42	4.97	5.56	6.9	113	0.7%	0.03	-	7.5	194.5	-	0.7	0.4	2,227
Umeme Ltd.	Power	Dec	8.30	5.50	8.10	9.2	106	0.7%	2.74	1.73	17.6	3.0	21.4	0.5	15.6	1,255
Bamburi Cement	Cement	Dec	39.00	29.05	29.05	-7.8	85	0.5%	2.15	3.58	0.1	13.5	12.3	353.8	2,618.6	1,740
Kakuzi	Agric	Dec	441.25	367.50	385.25	0.1	61	0.4%	39.24	18.00	278.0	9.8	4.7	1.4	14.1	604
Centum Investment	Finance	Mar	14.95	7.90	8.34	-0.2	45	0.3%	(2.01)	0.59	65.1	-	7.0	0.1	(3.1)	3,969
Crown Paints	Manufac.	Dec	44.00	30.75	38.35	-8.4	44	0.3%	5.13	4.00	24.1	7.5	10.4	1.6	21.3	236
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	2.32	1.74	1.86	1.6	42	0.3%	1.17	0.10	13.4	1.6	5.4	0.1	8.7	1,193
CIC Insurance	Insurance	Dec	2.29	1.72	1.95	0.0	41	0.3%	0.30	-	3.0	6.5	-	0.6	9.9	1,813
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	21.40	-4.7	39	0.3%	5.11	1.00	56.5	4.2	4.7	0.4	9.1	1,067
Carbacid	Gases	July	14.15	10.35	12.35	2.9	25	0.2%	2.22	0.70	13.5	5.6	5.7	0.9	16.4	13,162
Kenya Power	Power	Jun	2.08	1.31	1.58	1.3	25	0.2%	1.80	-	30.8	0.9	-	0.1	5.8	8,774
Nation Media	Media	Dec	23.20	15.15	15.65	-1.9	24	0.2%	2.59	1.49	42.1	6.0	9.5	0.4	6.2	917
Liberty K. Holdings	Insurance	Dec	7.48	4.28	5.52	-1.4	24	0.2%	0.15	-	15.9	36.1	-	0.3	1.0	128
Unga Ltd	Food	Jun	36.25	27.00	31.00	-3.1	19	0.1%	2.48	-	58.3	12.5	-	0.5	4.2	59
TPSEA Serena	Tourism	Dec	17.50	10.85	12.00	-10.1	18	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	350
Car & Gen	Motors	Sept	76.00	30.00	45.00	-5.2	15	0.1%	26.33	3.20	135.8	1.7	7.1	0.3	19.4	956
NSE	Finance	Dec	8.40	6.60	6.90	1.8	14	0.1%	0.51	1.40	8.0	13.5	20.3	0.9	6.4	1,094
BOC Kenya	Gases	Dec	93.25	70.00	72.00	1.8	11	0.1%	4.78	6.70	84.3	15.1	9.3	0.9	5.7	312
WPP Scangroup	Media	Dec	4.41	2.84	3.14	4.3	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	456
Sanlam Kenya	Insurance	Dec	15.00	7.94	9.04	-5.6	11	0.1%	(3.77)	-	3.9	-	-	2.3	(97.1)	128
Housing Finance	Banking	Dec	3.84	2.86	3.14	-1.6	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,004
Limuru Tea	Agric	Dec	510.00	320.00	420.00	0.0	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	2,429
Longhorn	Publishing	Jun	4.4	2.74	3.27	9.0	7	0.0%	0.62	-	2.8	5.3	-	1.2	22.2	290
Standard Newspapers	Media	Dec	16.15	8.74	10.50	0.5	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	66
EA Portland	Cement	Jun	8.80	6.30	6.94	2.1	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	40
TransCentury	Finance	Dec	1.47	0.79	1.12	20.4	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,308
Safaricom	Telecom	Mar	38.90	22.00	22.00	-8.9	7,118	45.7%	1.74	1.39	3.5	12.7	6.3	6.3	49.9	687,189
											<b>Average</b>	<b>19.1</b>	<b>7.0</b>	<b>5.9</b>	<b>51.7</b>	<b>2,020,422</b>

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