

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	13.95	123.0%	BUY
Equity bank	43.67	36.45	19.8%	BUY
KCB bank	47.26	20.90	126.1%	BUY
Co-op bank	20.46	11.60	76.4%	BUY
ABSA bank	12.89	11.90	8.3%	HOLD
StanChart bank	138.26	163.50	-15.4%	SELL
NCBA bank	40.68	38.95	4.4%	HOLD
I&M bank	33.32	17.55	89.9%	BUY
Stanbic bank	108.85	115.00	-5.3%	HOLD
DTB bank	116.13	47.55	144.2%	BUY
EABL	164.58	126.00	30.6%	BUY
Bamburi Cement	51.96	23.90	117.4%	BUY
BAT Kenya	544.27	420.00	29.6%	BUY

*banks' fair values have been updated

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom traded down to a 5-month low on account of foreign investors' sell-off. Similarly, EABL touched a 12-month low on the back of foreign selling. Standard Media and WPP ScanGroup traded close to 12-month lows driven by local investors' sell-off.

Debt market commentary and outlook

- Overall subscription rates further increased to 180.2%, up from 138.1% the prior week. Demand was sound on 91-Day T-Bill, but remained slim for the twelfth successive week. The yield on the 91-Day T-Bill rose for the twenty-fourth consecutive week; the yield on the 182-Day T-Bill notched up for the eighth week in a row while the yield on the 364-Day T-Bill was up for the second week straight.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,492.2	0.1%	-2.5%	-7.8%	-7.5%	-12.2%	-11.0%
Kenya NASI Return	93.4	-0.1%	-5.6%	-16.2%	-16.3%	-28.1%	-26.8%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.5%	-7.5%	-22.4%	-24.6%	-41.7%	-39.5%
Johannesburg Index	3.4%	-2.2%	-10.7%	-12.0%	7.0%	-10.5%
Nigeria Stock Exchange	1.0%	-0.4%	7.9%	-22.3%	-19.1%	-21.4%
Ghana Stock Exchange	-0.6%	-4.4%	6.1%	15.5%	19.4%	10.6%
Egyptian Stock Exchange	0.3%	2.5%	15.3%	13.2%	29.1%	9.8%
MSCI EFM ex SA Index	-0.7%	0.6%	1.2%	-0.9%	1.7%	-2.3%

Other market statistics

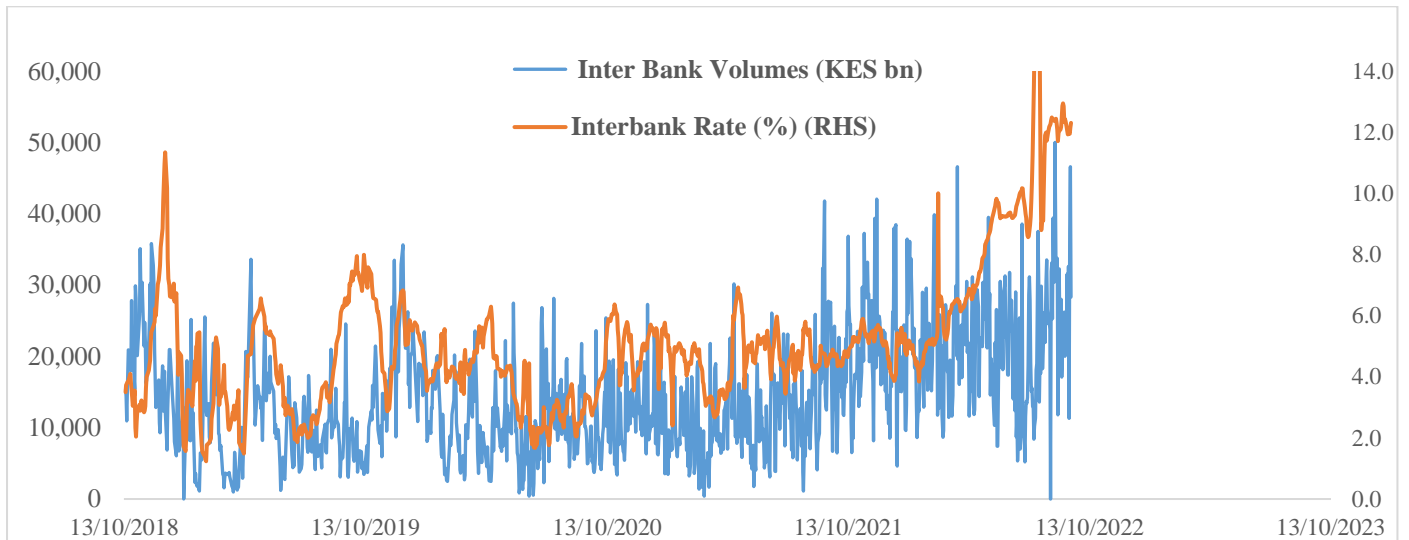
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	149.3	-0.4%	-1.6%	-5.3%	-9.9%	-18.9%	-17.3%
USD/ZAR	19.0	1.6%	0.0%	-4.7%	-4.8%	-4.1%	-10.3%
USD/EGP	30.9	-0.3%	0.1%	0.0%	0.0%	-36.4%	-19.9%
USD/NGN	769.0	-1.3%	-0.1%	0.5%	-40.0%	-42.7%	-40.1%
USD/GHS	11.8	-0.6%	-2.5%	-3.4%	-1.1%	-6.5%	-13.7%

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
Equity bank	146.0	66.1	41.3%	-0.3%	-18.1%	-22.7%	2.5%
Safaricom	122.3	-83.1	52.6%	-0.4%	-42.2%	-46.0%	7.3%
StanChart bank	41.1	0.0	0.0%	2.0%	14.5%	-4.4%	21.1%
EABL	34.9	-0.7	95.8%	1.6%	-24.8%	-32.6%	4.8%
Co-op bank	27.2	0.9	2.6%	0.0%	-5.7%	-13.1%	4.0%

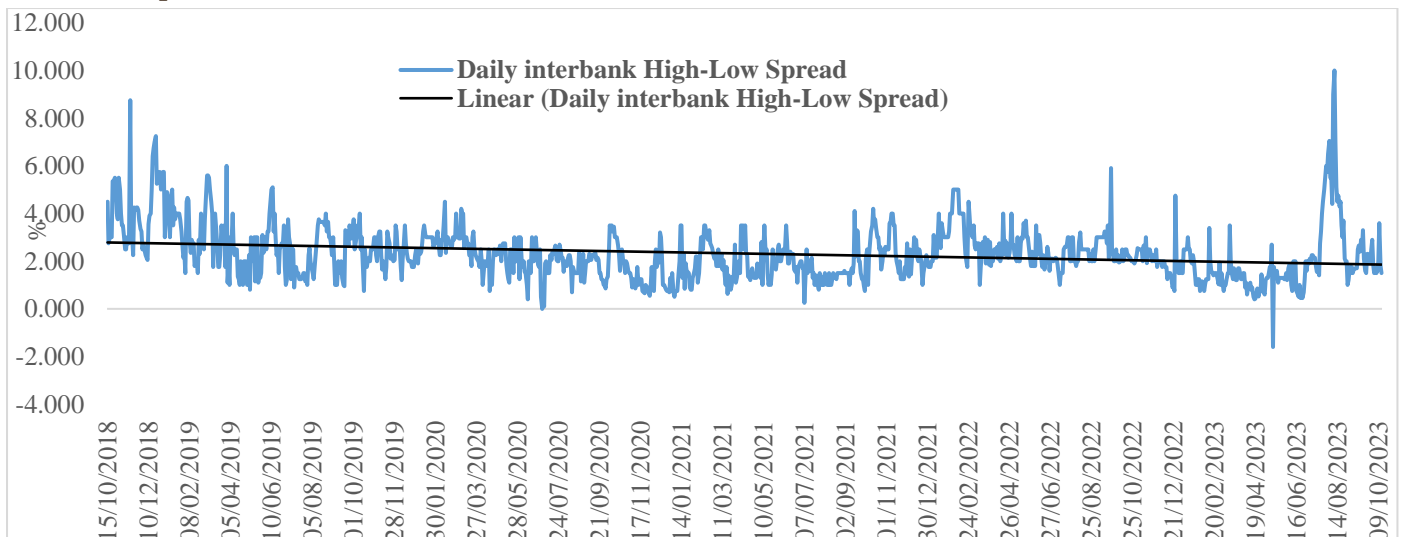
Key Rates and Spreads

Inter-bank rates halt a 3-weeks decreasing streak



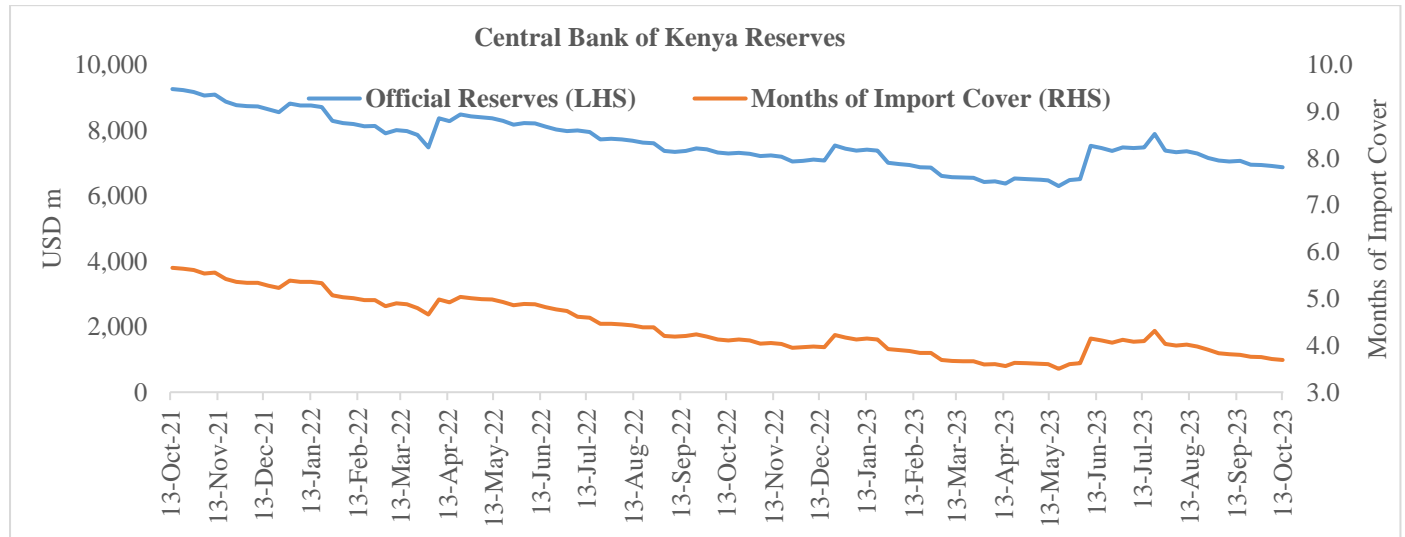
Source: CBK

Inter-bank spreads narrow for the second successive week



Source: CBK

Months of import cover & CBK FX reserves decline for the fourth successive week



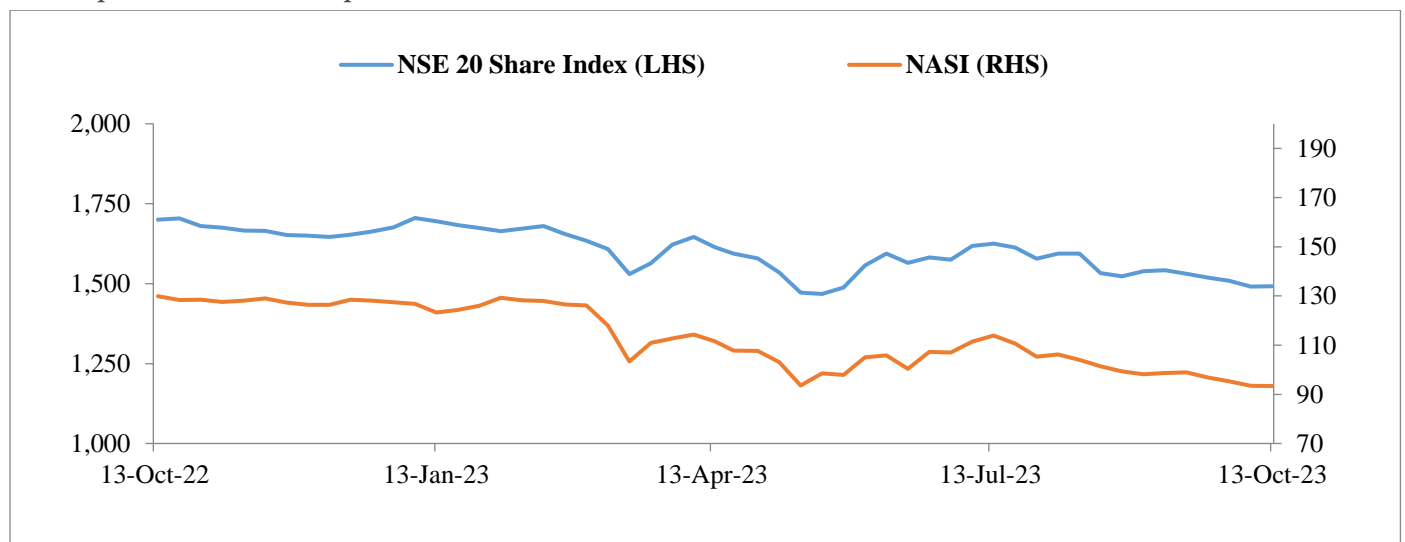
Source: CBK

Equity market trading commentary

Market turnover fell by 58.1% w/w to settle at USD 3.1m (KES 0.5bn). Sustaining a 4-weeks losing streak, the NASI shed 0.1% w/w to finish at 93.37 while the NSE 20 regained 0.1% w/w to close at t 1,492.16, snapping a 4-weeks declining streak. Foreign investors emerged as net sellers at USD 69.9k (KES 10.4m) – the seventh successive week. Local investors rebounded at 63.9% of total turnover, up from 21.6% the previous week. Safaricom experienced the highest net foreign outflows at USD 0.6m (KES 83.1m) while Equity bank saw the highest net foreign inflows at USD 0.4m (KES 66.1m).

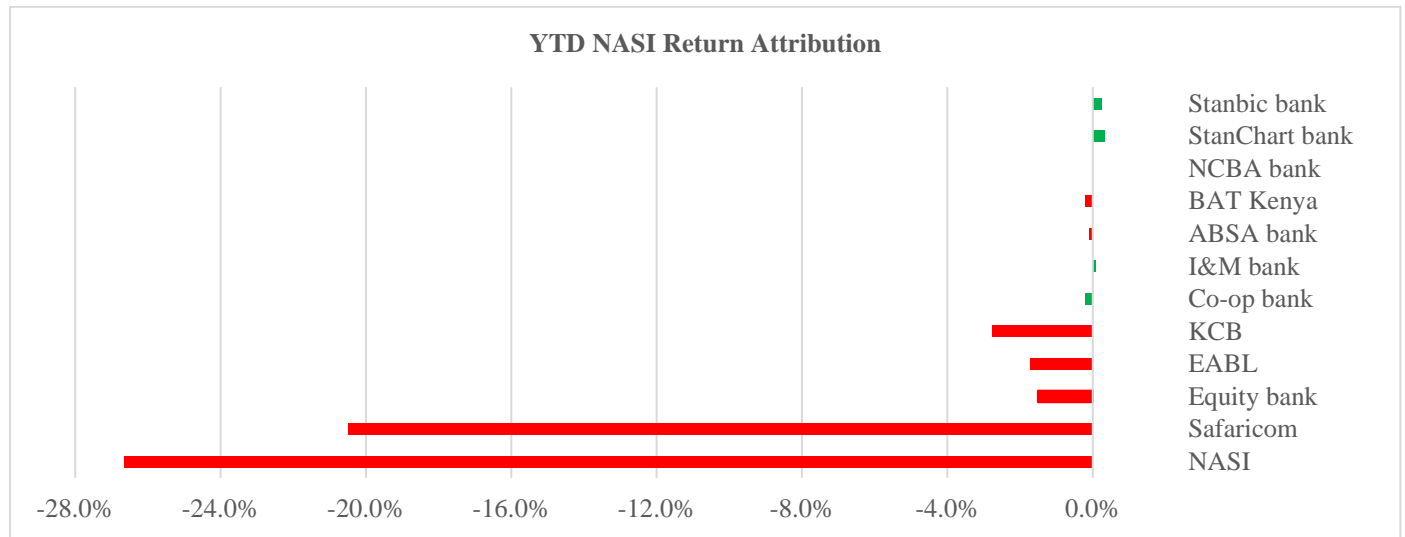
During the week, Safaricom traded down to a 5-month low on account of foreign investors’ sell-off. Similarly, EABL touched a 12-month low on the back of foreign selling. Standard Media and WPP ScanGroup traded close to 12-month lows driven by local investors’ sell-off.

Market performance over the past 12 months



Source: NSE

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



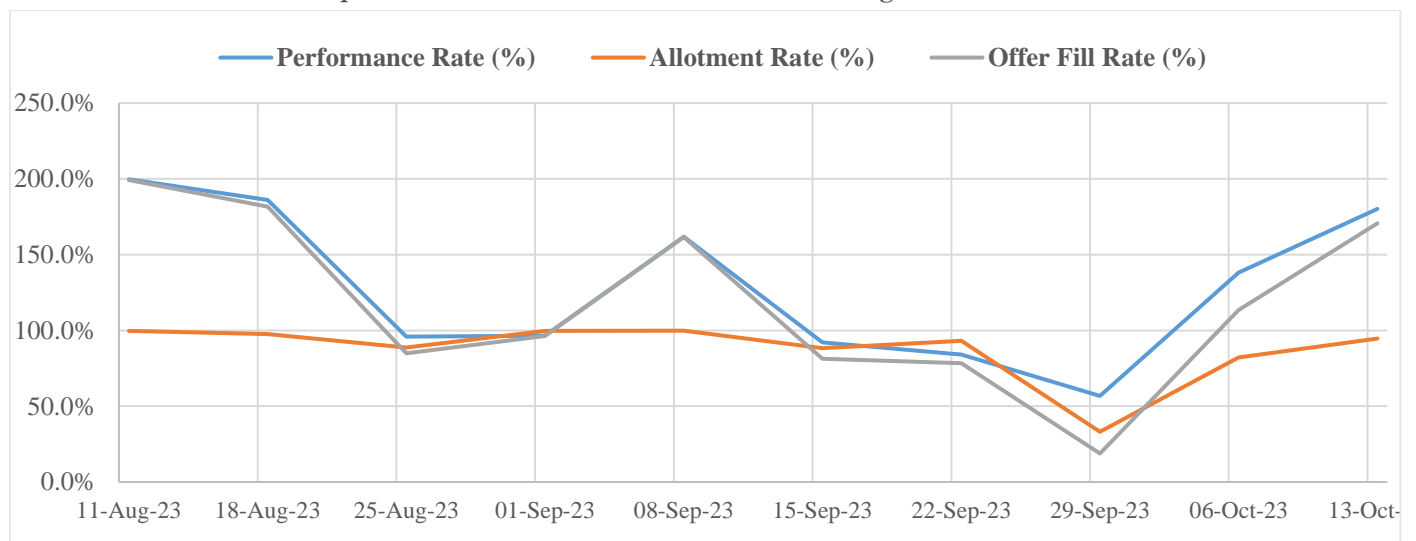
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates further increased to 180.2%, up from 138.1% the prior week. Demand was sound on 91-Day T-Bill, but remained slim for the twelfth successive week. The yield on the 91-Day T-Bill rose for the twenty-fourth consecutive week; the yield on the 182-Day T-Bill notched up for the eighth week in a row while the yield on the 364-Day T-Bill was up for the second week straight.

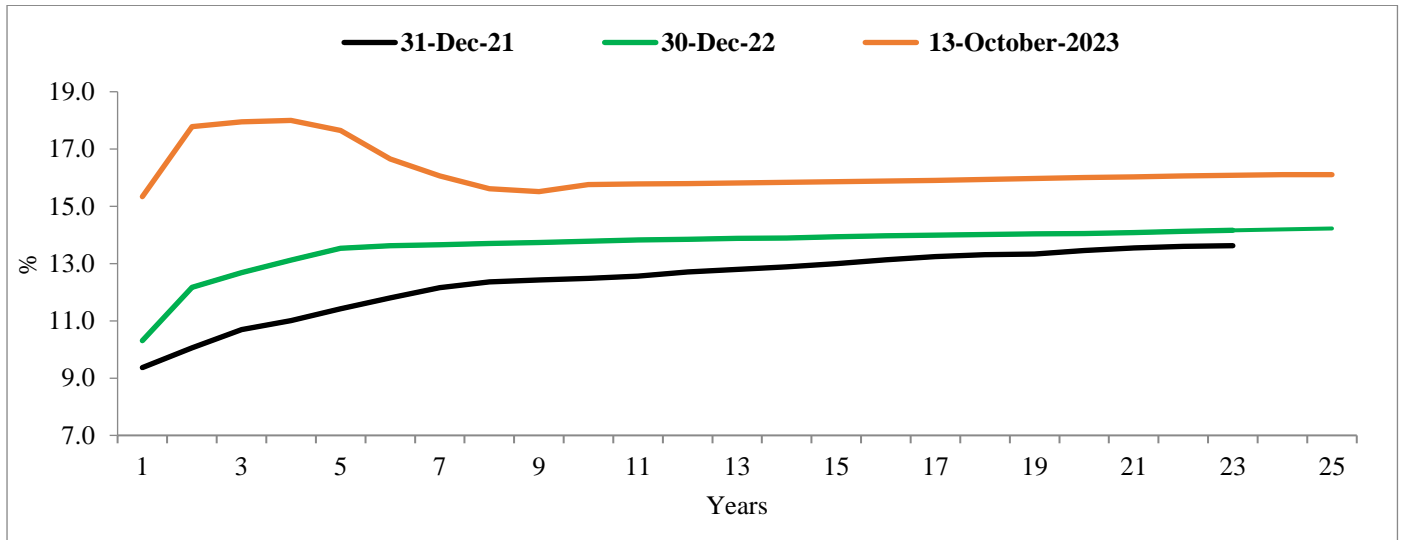
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 37.5bn for the 91-Day T-Bill, implying a subscription rate of 937.42%. It accepted bids worth KES 35.3bn at an average yield of 14.960% (+8.7bps w/w). The 182-Day T-Bill received bids worth KES 2.8bn, implying a performance rate of 27.77%. It accepted bids worth KES 2.7bn at an average yield of 15.023% (+4.5bps w/w). The 364-Day T-Bill received bids worth KES 3.0bn, implying a performance rate of 29.63%. It accepted bids worth KES 3.0bn at an average yield of 15.337% (+15.0bps w/w).

T-Bills Performance: Overall performance rates increased for the second straight week



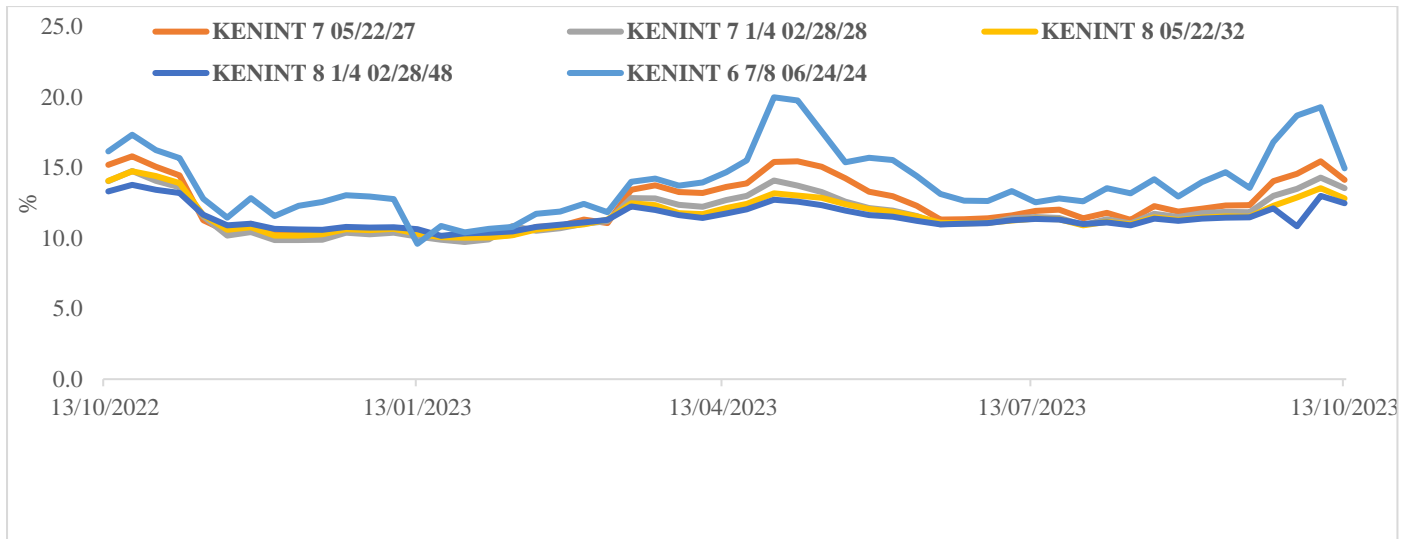
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across tenors break a 3-weeks rising streak



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12-M High	12-M Low	Price	YTD	Market ¹	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹	
Safaricom	Telecom	Mar	25.85	13.00	13.95	-42.2	3,748	38.1%	1.55	1.20	4.7	9.0	8.6	3.0	33.2	848,952	
Equity Bank	Banking	Dec	47.15	35.55	36.45	-18.1	922	9.4%	12.35	3.00	49.3	3.0	8.2	0.7	25.1	278,894	
EA Breweries	Breweries	Jun	187.00	120.25	126.00	-24.8	668	6.8%	12.47	5.50	27.1	10.1	4.4	4.7	46.1	41,713	
Co-op Bank	Banking	Dec	13.35	11.15	11.60	-5.7	456	4.6%	3.87	1.50	18.5	3.0	12.9	0.6	21.0	35,124	
KCB Bank	Banking	Dec	39.55	20.85	20.90	-45.1	450	4.6%	11.42	2.00	65.7	1.8	9.6	0.3	17.4	97,314	
Absa Bank	Banking	Dec	12.95	10.10	11.90	-3.3	433	4.4%	2.96	1.35	12.5	4.0	11.3	1.0	23.7	62,784	
NCBA Bank	Banking	Dec	41.70	30.05	38.95	-1.0	430	4.4%	9.32	4.00	50.6	4.2	10.3	0.8	18.4	23,253	
StanChart Bank	Banking	Dec	171.00	135.00	163.50	14.5	414	4.2%	35.25	22.00	159.8	4.6	13.5	1.0	22.1	28,739	
Stanbic Bank	Banking	Dec	129.75	92.00	115.00	12.7	305	3.1%	28.62	13.75	161.8	4.0	12.0	0.7	17.7	22,355	
BAT Kenya	Tobacco	Dec	479.75	401.50	420.00	-8.7	282	2.9%	68.92	57.00	163.8	6.1	13.6	2.6	42.1	48,758	
Bank of Kigali	Banking	Dec	37.00	27.00	35.00	11.1	210	2.1%	7.66	3.28	43.7	4.6	9.4	0.8	17.5	2,272	
I&M Holdings	Banking	Dec	21.00	15.85	17.55	3.2	195	2.0%	5.47	2.25	47.7	3.2	12.8	0.4	11.5	8,544	
Umeme Ltd.	Power	Dec	17.75	6.62	12.85	73.2	140	1.4%	3.03	2.12	20.7	4.2	16.5	0.6	14.7	3,645	
KenGen	Power	Jun	3.41	2.15	2.29	-28.9	101	1.0%	0.70	0.18	42.0	3.3	7.9	0.1	1.7	4,957	
DTB Bank	Banking	Dec	55.25	44.00	47.55	-4.9	89	0.9%	23.17	5.00	259.1	2.1	10.5	0.2	8.9	12,327	
Jubilee Insurance	Insurance	Dec	240.00	148.25	193.50	-2.6	94	1.0%	68.38	14.00	613.8	2.8	7.2	0.3	11.1	9,425	
Britam	Insurance	Dec	6.20	4.05	4.47	-14.0	76	0.8%	0.53	-	9.2	8.4	-	0.5	5.7	89,275	
Bamburi Cement	Cement	Dec	35.00	22.80	23.90	-24.1	58	0.6%	2.15	3.58	82.1	11.1	15.0	0.3	2.6	15,161	
Kakuzi	Agric	Dec	430.00	240.00	406.00	5.5	53	0.5%	43.15	24.00	303.5	9.4	5.9	1.3	14.2	434	
Centum Investment	Finance	Mar	9.50	7.90	8.86	6.0	40	0.4%	(8.95)	0.60	55.8	-	6.8	0.2	(16.1)	7,690	
CIC Insurance	Insurance	Dec	2.21	1.68	2.12	8.7	37	0.4%	0.42	0.13	3.3	5.1	6.1	0.6	12.8	3,579	
Crown Paints	Manufac.	Dec	44.80	32.30	34.20	-18.3	33	0.3%	5.13	4.00	24.1	6.7	11.7	1.4	21.3	224	
Sasini Tea & Coffee	Agric	Sept	31.40	20.00	21.70	-3.3	33	0.3%	3.82	1.00	61.7	5.7	4.6	0.4	6.2	624	
Kenya Re	Insurance	Dec	2.02	1.54	1.78	-2.7	33	0.3%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	5,761	
Carbacid	Gases	July	17.00	11.40	15.15	26.3	26	0.3%	2.98	0.70	13.6	5.1	4.6	1.1	21.9	2,615	
Nation Media	Media	Dec	20.85	14.15	20.15	26.3	26	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	9,184	
Kenya Power	Power	Jun	1.94	1.38	1.43	-8.3	19	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	4,687	
TPSEA Serena	Tourism	Dec	16.00	10.85	12.50	-6.4	15	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	919	
Liberty K. Holdings	Insurance	Dec	5.90	3.45	4.00	-28.6	14	0.1%	0.15	-	15.9	26.2	-	0.3	1.0	120	
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	327	
Housing Finance	Banking	Dec	5.10	2.86	4.24	32.9	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	7,046	
NSE	Finance	Dec	7.54	5.52	5.94	-12.4	10	0.1%	0.05	0.20	7.1	112.3	3.4	0.8	0.7	536	
Unga Ltd	Food	Jun	32.00	15.00	15.00	-53.1	8	0.1%	2.48	-	58.3	6.1	-	0.3	4.2	41	
												Average	10.8	9.0	1.9	24.7	1,684,359

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