

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	15.30	100.7%	BUY
Equity bank	43.67	43.20	1.1%	HOLD
KCB bank	47.26	32.40	45.9%	BUY
Co-op bank	20.46	13.10	56.2%	BUY
ABSA bank	12.89	14.15	-8.9%	HOLD
StanChart bank	138.26	211.00	-34.5%	SELL
NCBA bank	40.68	40.25	1.1%	HOLD
I&M bank	33.32	22.15	50.4%	BUY
Stanbic bank	108.85	120.00	-9.3%	HOLD
DTB bank	116.13	45.60	154.7%	BUY
EABL	151.28	152.00	-0.5%	HOLD
Bamburi Cement	44.37	79.75	-44.4%	SELL
BAT Kenya	460.00	350.00	31.4%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, KCB Bank touched a five-day low on reduced local demand while Safaricom reached a five-day high on increased local demand. The NASI sustained a three-day winning streak. Foreign investors turned net buyers at USD 1.2m (KES 160.3m). KCB Bank registered the highest net foreign inflows at USD 1.7m (KES 217.9 m), while Safaricom recorded the highest net foreign outflows at USD 0.6m (KES 83.8m).

Debt market commentary and outlook

- Total subscription rates fell to 89.1% from 162.3% the previous week, breaking a two-week gaining streak. Investors remained skewed on the 91-Day T-Bill and activity declined for all three T-Bills. The yield on all three T-Bills decreased, with the 91-Day T-Bill sustaining an eight-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the seventh week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,714.3	3.3%	1.5%	13.2%	18.8%	11.7%	14.2%
Kenya NASI	106.3	1.6%	-0.3%	14.6%	24.0%	3.2%	15.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.7%	3.1%	-9.9%	16.7%	11.8%	14.6%
Johannesburg Index	1.5%	-1.7%	10.6%	7.8%	-1.0%	-6.8%
Nigeria Stock Exchange	-0.8%	-1.8%	-8.9%	1.9%	-25.0%	7.0%
Ghana Stock Exchange	0.8%	-2.7%	13.6%	-3.6%	-5.7%	5.2%
Egyptian Stock Exchange	-1.7%	5.8%	9.4%	-15.5%	3.8%	-20.9%
MSCI EFM ex SA Index	-0.5%	1.0%	1.5%	0.4%	4.2%	43.0%

Other market statistics

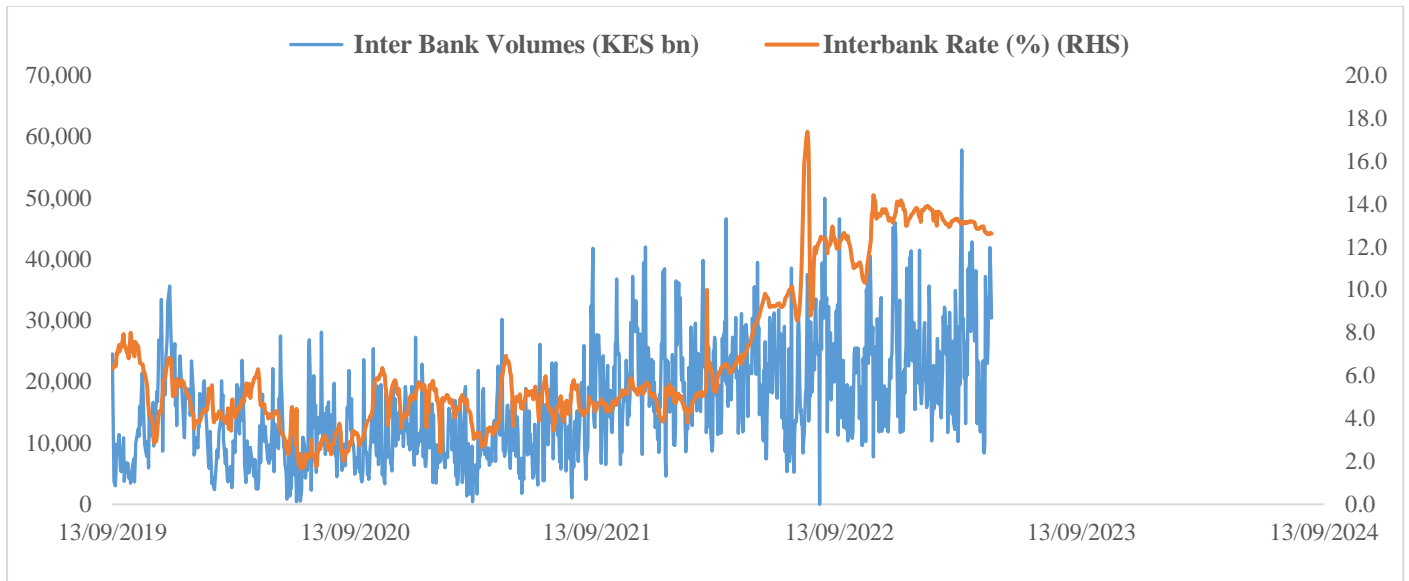
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.00	0.1%	0.0%	-0.4%	4.6%	9.2%	6.8%
USD/ZAR	17.72	0.7%	0.1%	2.9%	2.1%	1.3%	-3.4%
USD/EGP	48.41	0.1%	1.0%	-2.4%	0.2%	-35.3%	-0.1%
USD/NGN	1639.10	-1.9%	-1.2%	-5.9%	7.5%	-52.2%	18.7%
USD/GHS	15.68	-0.1%	-0.3%	-3.6%	-14.2%	-11.2%	4.1%

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
KCB Bank	282.4	217.9	38.8%	-3.9%	47.9%	-14.6%	105.7%
Safaricom	228.3	-83.8	64.1%	3.4%	10.1%	-1.0%	244.4%
Equity Bank	225.9	35.9	79.4%	0.1%	28.4%	-12.2%	28.4%
Bamburi Cement	68.1	0.0	0.0%	0.9%	122.5%	0.0%	254.4%
Centum	49.3	-43.2	43.9%	5.2%	0.5%	-10.6%	7.1%

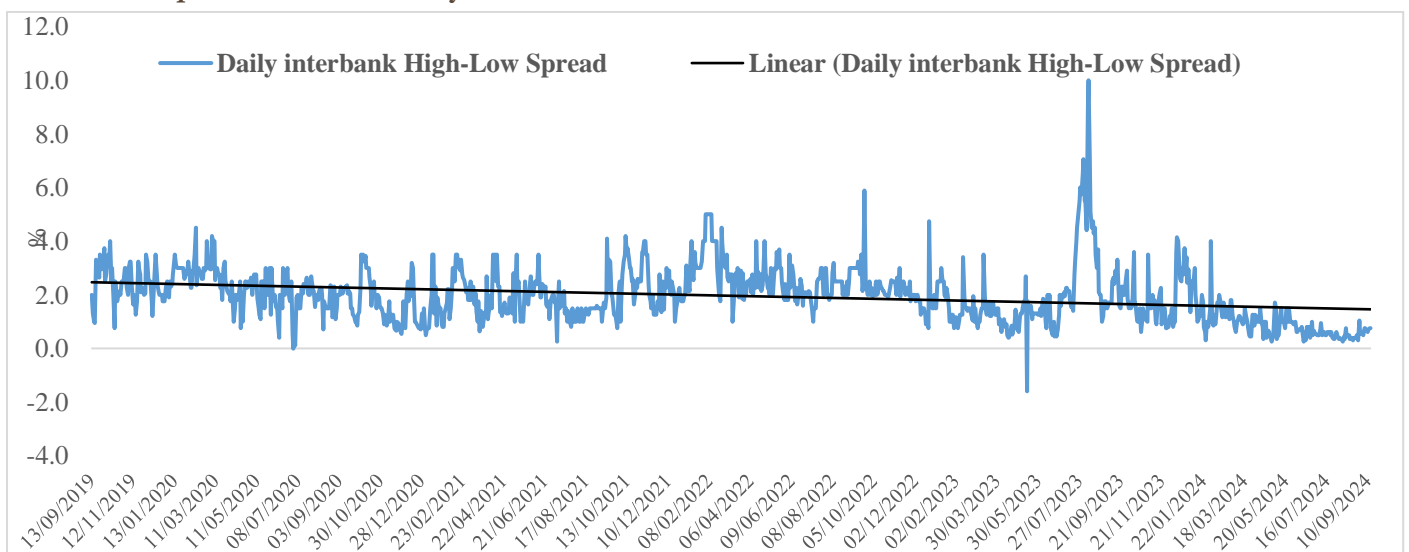
Key Rates and Spreads

Inter-bank Rates improve week on week, breaking a two-week losing streak.



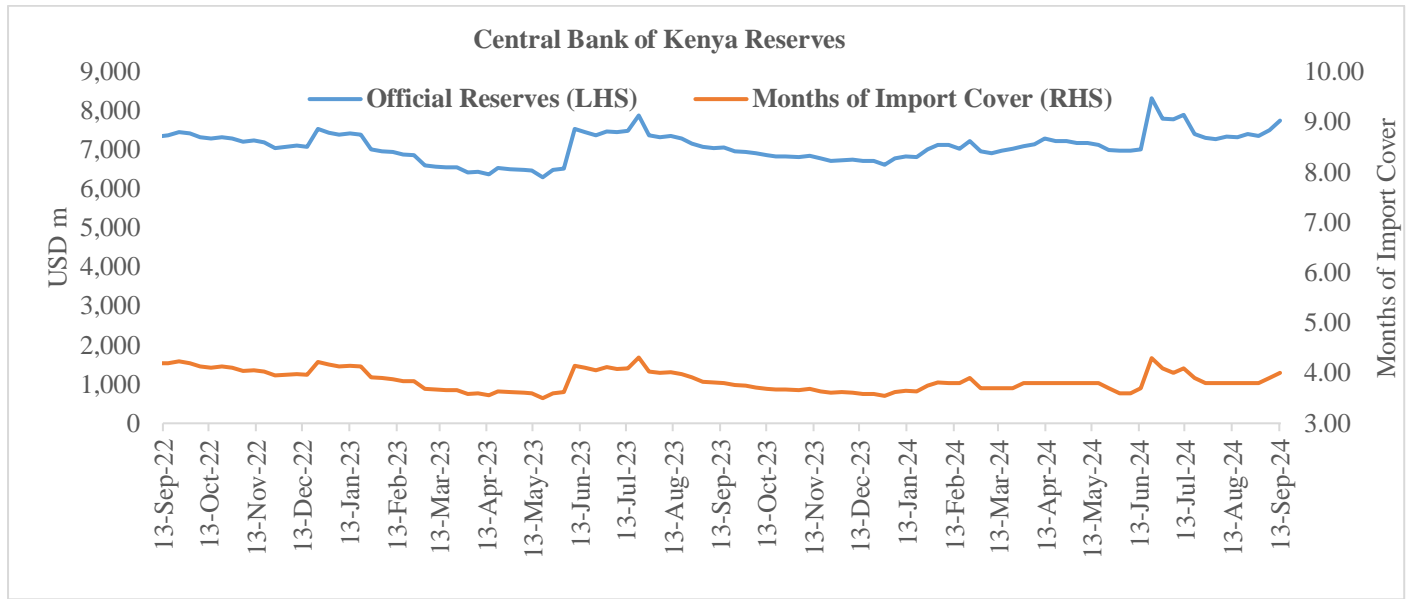
Source: CBK

Inter-bank Spreads remain steady.



Source: CBK

Months of import cover and CBK FX improve, maintaining a two-week gaining streak.



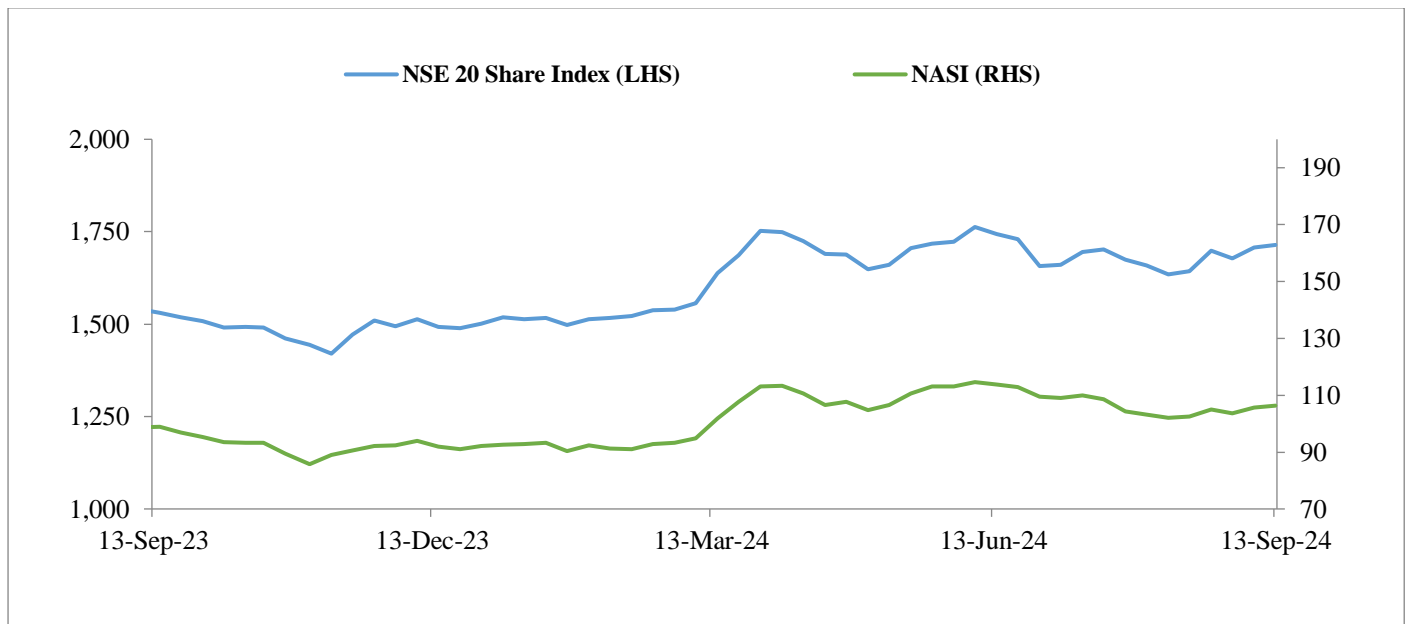
Source: CBK

Equity market trading commentary

Market turnover grew by 2.5%, breaking a two-week losing streak, to settle at USD 10.2m (KES 1.3 bn). The NASI climbed up by 0.7% to halt at 106.31, similarly, the NSE-20 also recovered 0.4% to conclude at 1714.31. Foreign investors turned net buyers at USD 1.2m (KES 160.3m). KCB Bank registered the highest net foreign inflows at USD 1.7m (KES 217.9 m), while Safaricom recorded the highest net foreign outflows at USD 0.6m (KES 83.8m).

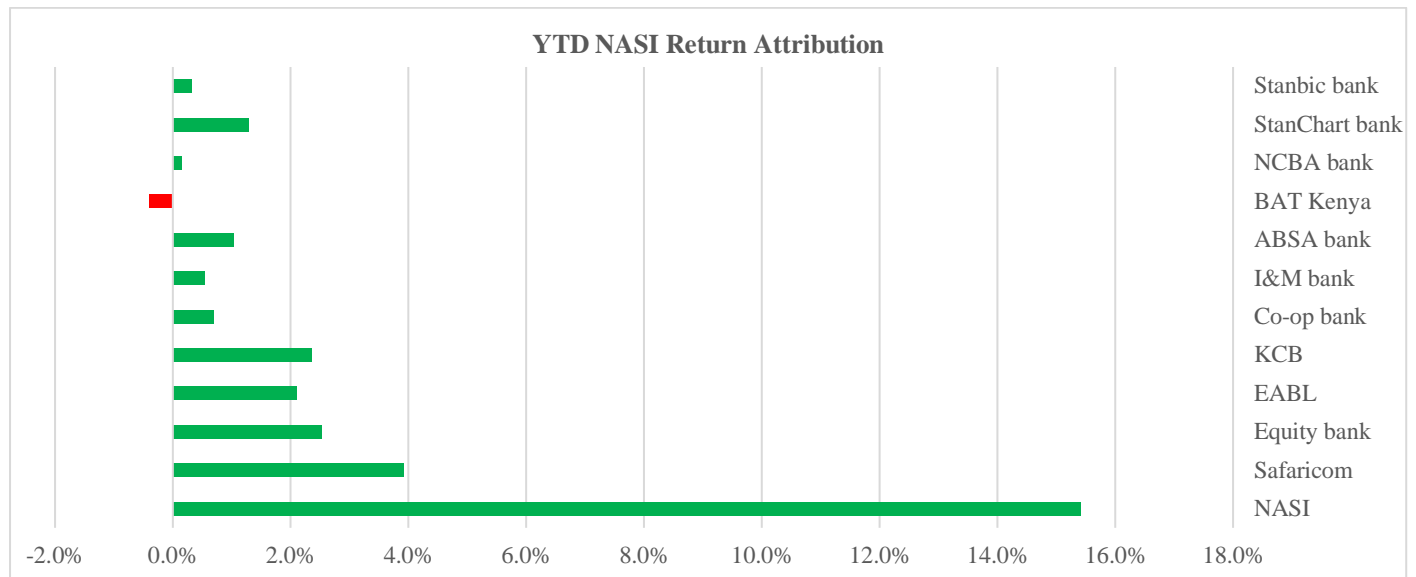
During the week, KCB Bank touched a five-day low on reduced local demand while Safaricom reached a five-day high on increased local demand. The NASI sustained a three-day winning streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

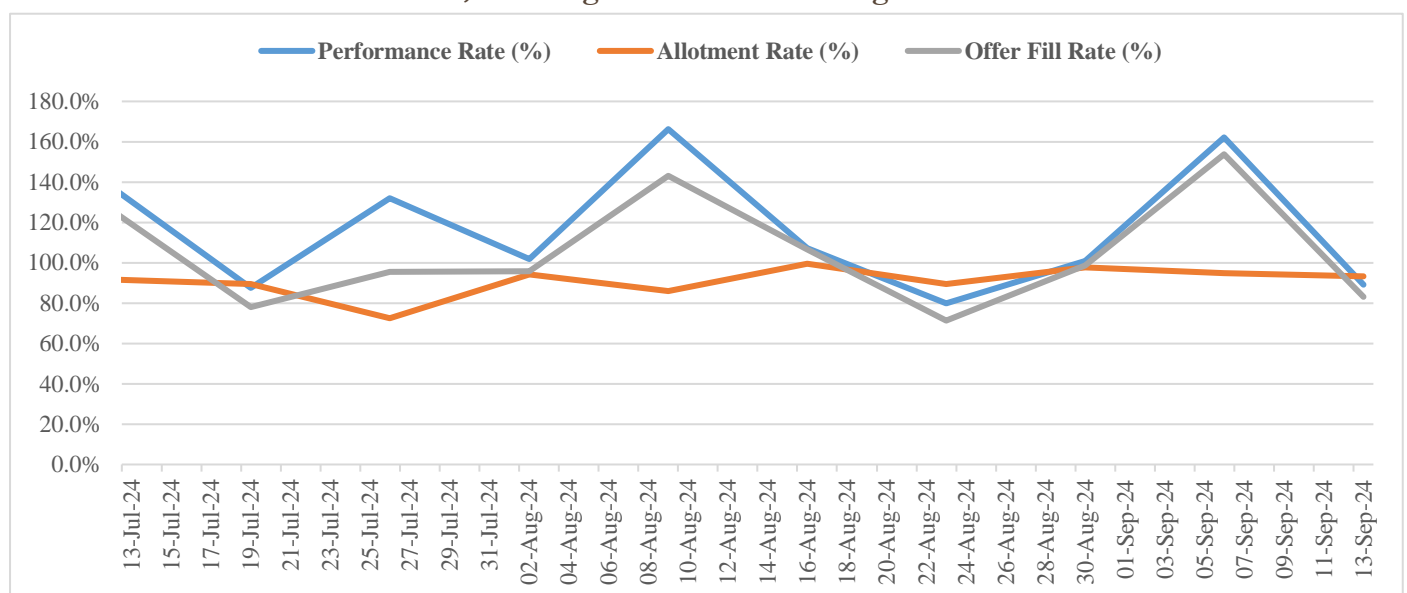
Total subscription rates fell to 89.1% from 162.3% the previous week, breaking a two-week gaining streak. Investors remained skewed on the 91-Day T-Bill and activity declined for all three T-Bills. The yield on all three T-Bills decreased, with the 91-Day T-Bill sustaining an eight-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the seventh 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 14.2 bn for the 91-Day T-Bill, implying a subscription rate of 354.72%. It accepted bids worth KES 13.0 bn at an average yield of 15.750% (-1.8 bps w/w).

The 182-Day T-Bill received bids worth KES 3.3 bn, implying a performance rate of 32.74%. It accepted bids worth KES 3.3 bn at an average yield of 16.625% (-0.1 bps w/w).

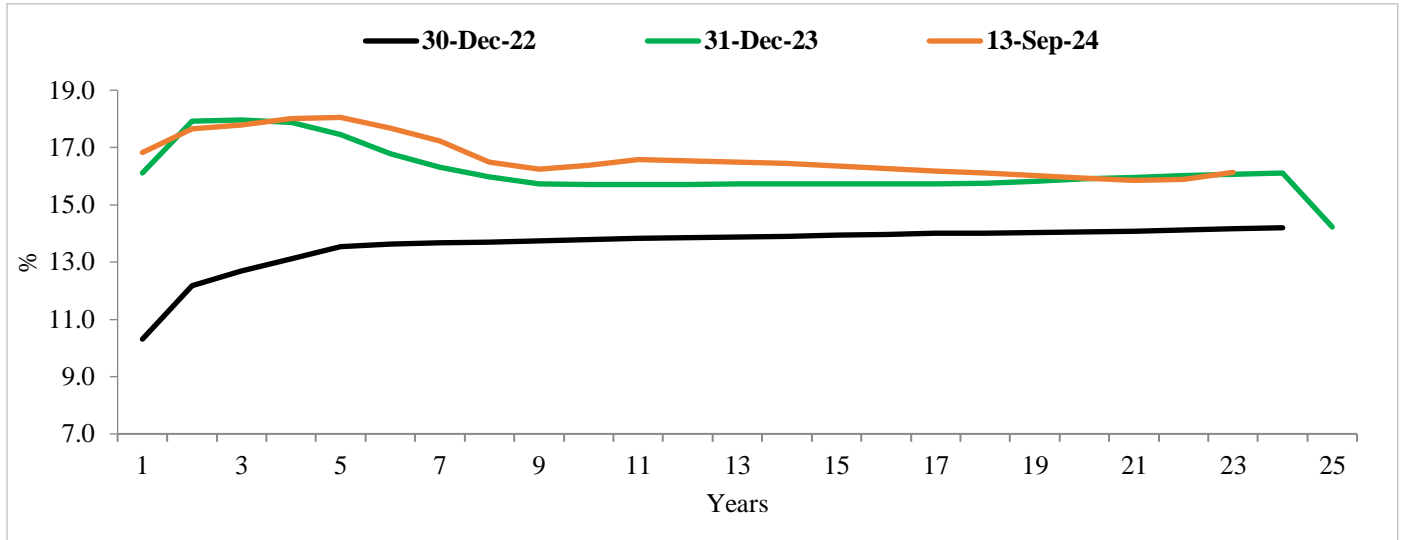
The 364-Day T-Bill received bids worth KES 3.9 bn, implying a performance rate of 39.21%. It accepted bids worth KES 3.6 bn at an average yield of 16.17% (-0.6 bps w/w).

T-Bills Performance rates decline, breaking a two-week climbing streak



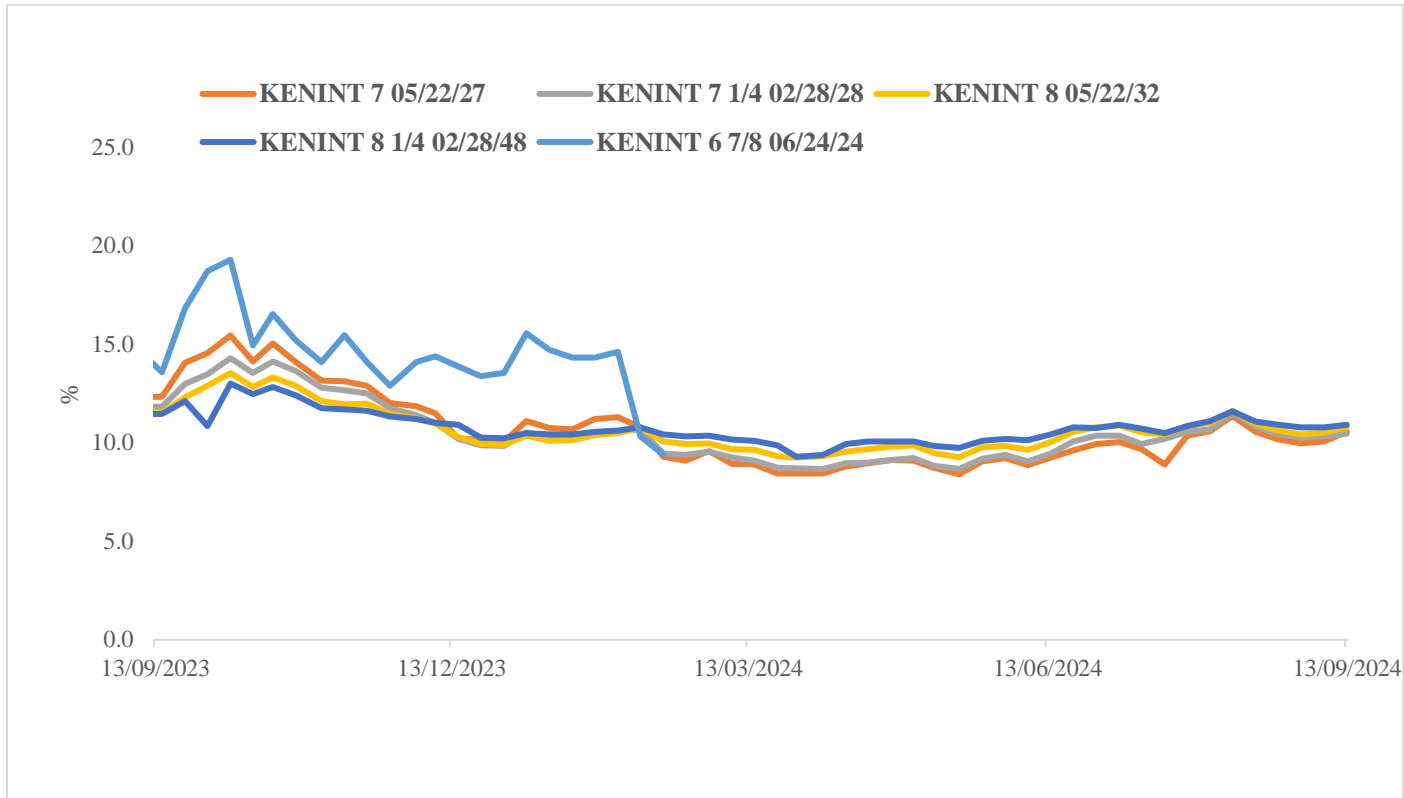
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields improve consecutively for the second week.



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	11.65	15.30	10.1	4,745	36.7%	1.06	1.20	4.7	14.4	7.8	3.3	22.7	107,440,259
Equity Bank	Banking	Dec	49.20	33.65	43.20	28.4	1,262	9.8%	11.12	3.00	48.7	3.9	6.9	0.9	22.8	33,979,021
EA Breweries	Breweries	Jun	95.00	67.00	21.65	33.3	930	7.2%	-	1.75	27.1	-	1.2	5.6	-	13,902,352
Co-op Bank	Banking	Dec	15.05	10.20	13.10	14.9	595	4.6%	4.03	1.50	18.4	3.2	11.5	0.7	21.9	11,822,371
NCBA Bank	Banking	Dec	45.20	35.00	40.25	3.3	513	4.0%	13.17	2.75	53.7	3.1	6.8	0.7	24.5	3,487,581
Absa Bank	Banking	Dec	14.50	10.75	14.15	23.6	595	4.6%	2.19	1.55	12.0	6.4	11.0	1.2	18.3	10,327,588
KCB Bank	Banking	Dec	37.95	15.75	32.40	47.9	806	6.2%	13.30	-	68.1	2.4	-	0.5	19.5	27,796,204
StanChart Bank	Banking	Dec	211.75	150.50	211.00	30.2	617	4.8%	40.82	29.00	158.0	5.2	13.7	1.3	25.8	6,282,408
Stanbic Bank	Banking	Dec	130.00	100.25	120.00	10.3	367	2.8%	28.71	13.75	140.8	4.2	11.5	0.9	20.4	5,509,409
BAT Kenya	Tobacco	Dec	95.00	67.00	350.00	-14.1	271	2.1%	55.68	50.00	163.8	6.3	14.3	2.1	34.0	10,303,082
BK Group	Banking	Dec	37.00	30.15	32.80	-8.4	228	1.8%	10.48	3.28	46.8	3.1	10.0	0.7	22.4	47,264
I&M Holdings	Banking	Dec	34.24	16.75	22.15	26.6	283	2.2%	8.10	2.55	47.8	2.7	11.5	0.5	16.9	4,369,317
Umeme Ltd.	Power	Dec	4.11	4.00	16.00	0.0	201	1.6%	0.27	2.00	22.0	60.1	12.5	0.7	1.2	1,172,174
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	79.75	122.5	224	1.7%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	14,433,636
KenGen	Power	Jun	2.58	1.96	2.49	23.9	127	1.0%	0.49	-	41.6	5.1	-	0.1	1.2	1,656,196
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.05	-16.2	87	0.7%	60.93	12.30	613.8	2.5	7.9	0.3	9.9	1,124,880
DTB Bank	Banking	Dec	55.75	43.25	45.60	1.2	99	0.8%	25.34	6.00	256.8	1.8	13.2	0.2	9.9	2,039,679
Britam	Insurance	Dec	6.38	4.15	5.68	18.6	111	0.9%	1.30	-	9.2	4.4	-	0.6	14.1	193,693
Total Oil	Oil	Dec	2.72	1.35	19.50	8.3	95	0.7%	4.80	1.31	48.0	4.1	6.7	0.4	10.0	389,678
Kakuzi	Agric	Dec	420.00	353.50	381.25	-1.0	58	0.4%	23.25	24.00	303.5	16.4	6.3	1.3	7.7	126,053
CIC Insurance	Insurance	Dec	6.38	4.15	5.68	-8.5	42	0.3%	0.55	0.13	3.3	3.7	6.3	0.6	16.9	171,874
Centum Investment	Finance	Mar	9.44	7.88	8.44	0.5	43	0.3%	(8.95)	0.60	55.8	-	7.1	0.2	(16.1)	920,679
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	79.75	22.50	79.75	-15.8	33	0.3%	(0.20)	4.00	24.1	-	5.0	3.3	(0.8)	14,433,636
Kenya Re	Insurance	Dec	2.87	1.05	1.05	-44.1	23	0.2%	1.78	0.10	13.4	0.6	9.5	0.1	13.2	2,318,947
Sasini Tea & Coffee	Agric	Sept	26.00	16.85	16.85	-15.8	30	0.2%	3.11	1.00	61.7	5.4	5.9	0.3	5.0	51,672
Carbacid	Gases	July	24.10	14.55	21.65	44.3	43	0.3%	4.01	0.70	13.6	5.4	3.2	1.6	11.9	523,161
Nation Media	Media	Dec	22.00	14.30	15.50	-22.7	23	0.2%	(1.08)	1.49	43.1	-	9.6	0.4	(2.5)	373,969
Kenya Power	Power	Jun	2.72	1.35	2.66	87.3	40	0.3%	(0.89)	-	29.1	-	-	0.1	(3.0)	2,175,332
TPSEA Serena	Tourism	Dec	20.05	11.00	13.40	-18.5	19	0.1%	4.78	-	33.3	2.8	-	0.4	14.4	43,190
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.05	50.7	23	0.2%	0.15	-	15.9	36.4	-	0.4	1.0	20,599
BOC Kenya	Gases	Dec	95.00	67.00	79.00	-3.7	12	0.1%	10.14	5.95	85.1	7.8	7.5	0.9	11.9	23,330
NSE	Finance	Dec	6.62	5.44	5.78	-4.0	12	0.1%	0.05	0.20	7.1	109.3	3.5	0.8	0.7	144,774
Housing Finance	Banking	Dec	4.85	3.25	4.12	18.4	12	0.1%	1.18	4.00	20.5	3.5	97.1	0.2	5.8	6,510
Unga Ltd	Food	Jun	1.53	1.00	0.27	-22.0	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	9,303
Sanlam Kenya	Insurance	Dec	2.87	1.05	5.56	10.0	7	0.1%	(0.88)	-	3.9	-	-	1.7	(22.7)	171,874
Car & Gen	Motors	Sept	38.00	18.85	19.00	-24.0	6	0.0%	(6.82)	3.20	135.8	-	16.8	0.1	(5.0)	13,063
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.1%	3.38	1.00	80.9	107.9	0.3	4.5	4.2	5,958
WPP Scangroup	Media	Dec	2.75	1.90	1.99	-8.7	7	0.1%	0.30	-	11.9	6.6	-	0.2	2.5	46,030
EA Portland	Cement	Jun	79.75	22.50	0.86	52.5	8	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	44,883
Standard Newspapers	Media	Dec	8.70	5.10	5.60	-27.6	4	0.0%	(10.05)	-	0.4	-	-	12.7	(2,284)	1,600
Longhorn	Publishing	Jun	2.7	2.01	2.30	-4.6	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	15,992
TransCentury	Finance	Dec	9.44	7.88	2.87	-30.8	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	83,196
Average												10.2	9.0	2.1	17.5	278,553,056

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