

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	17.80	74.8%	BUY
Equity bank	58.81	44.50	32.2%	BUY
KCB bank	62.39	33.90	84.0%	BUY
Co-op bank	18.13	13.00	39.5%	BUY
ABSA bank	12.32	12.70	-3.0%	HOLD
StanChart bank	108.61	170.00	-36.1%	SELL
NCBA bank	38.68	37.00	4.5%	HOLD
I&M bank	30.56	20.55	48.7%	BUY
Stanbic bank	89.16	110.75	-19.5%	SELL
DTB bank	122.70	53.00	131.5%	BUY
EABL	164.58	168.50	-2.3%	HOLD
Bamburi Cement	51.96	28.20	84.3%	BUY
BAT Kenya	544.27	472.00	15.3%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom touched an 18-day low on account of local selling. Similarly, on the back of local selling, KCB bank hit a 17-day low. Equity bank marked down a 10-day low driven by foreign investors' sell-off.

Debt market commentary and outlook

- Overall subscription rates declined to 122.6%, up from 134.8% the prior week. Investor demand persisted on the 91-Day T-Bill but remained weak on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched up for the fifteenth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,613.9	-1.9%	5.5%	-5.4%	-5.1%	-13.8%	-3.7%
Kenya NASI Return	111.6	-2.4%	7.9%	-12.1%	-14.1%	-29.5%	-12.5%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-15.6%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-19.7%	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%	4.2%	-16.7%	-22.8%	-39.5%	-19.8%
Johannesburg Index	3.0%	10.3%	-7.1%	21.6%	-12.8%	1.7%
Nigeria Stock Exchange	-2.1%	-5.6%	-1.3%	4.1%	-1.7%	1.1%
Ghana Stock Exchange	-9.5%	5.5%	13.1%	3.4%	-33.6%	-4.2%
Egyptian Stock Exchange	5.8%	19.8%	8.9%	14.1%	-1.5%	-3.0%
MSCI EFM ex SA Index	2.1%	5.2%	2.7%	2.6%	-17.9%	-1.5%

Other market statistics

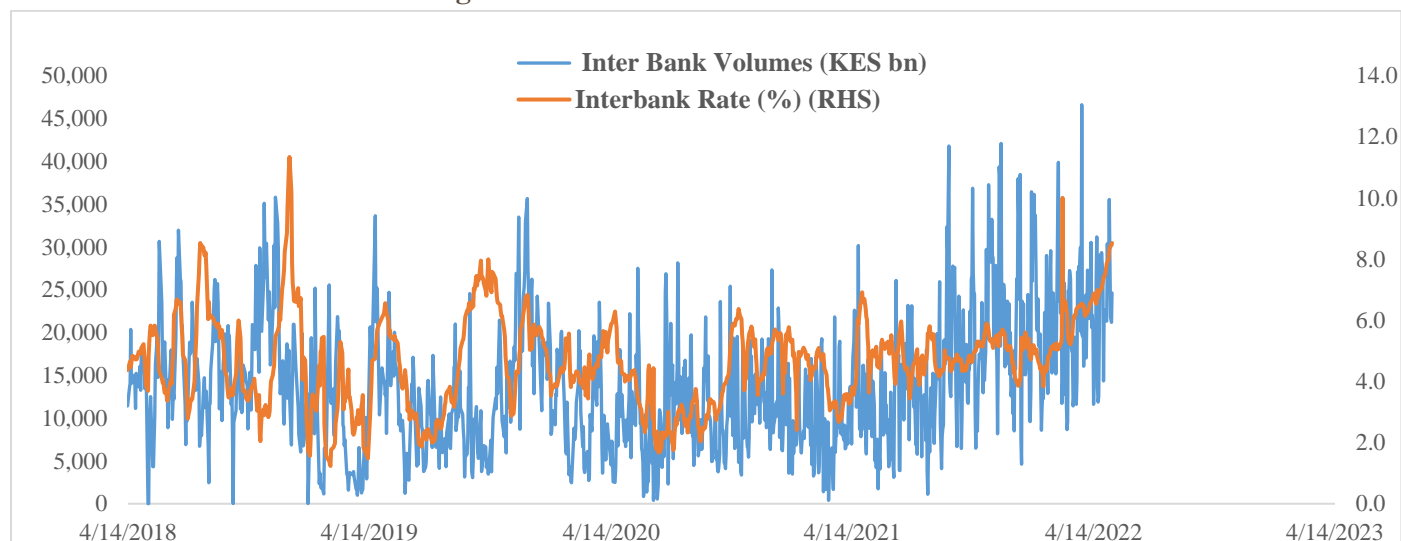
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	134.5	-0.7%	-3.3%	-8.6%	-10.0%	-14.1%	-8.2%
USD/ZAR	18.1	0.7%	1.5%	-6.7%	0.7%	-18.9%	-5.8%
USD/EGP	30.9	0.0%	-0.3%	-4.4%	-36.4%	-40.4%	-19.9%
USD/NGN	461.6	-0.1%	-0.1%	-0.1%	-4.6%	-9.9%	-0.2%
USD/GHS	11.6	-7.2%	6.3%	2.5%	-5.4%	-35.0%	-12.7%

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	426.0	250.7	64.1%	-4.3%	-26.3%	-49.8%	8.9%
KCB bank	231.9	0.0	68.9%	-5.6%	-11.0%	-22.1%	13.0%
Equity bank	186.7	11.6	6.9%	-2.2%	0.0%	-16.4%	17.4%
Bamburi Cement	45.1	0.0	0.0%	-6.0%	-10.5%	-26.5%	5.4%
EABL	35.7	-30.9	43.3%	-1.3%	0.6%	-9.9%	53.2%

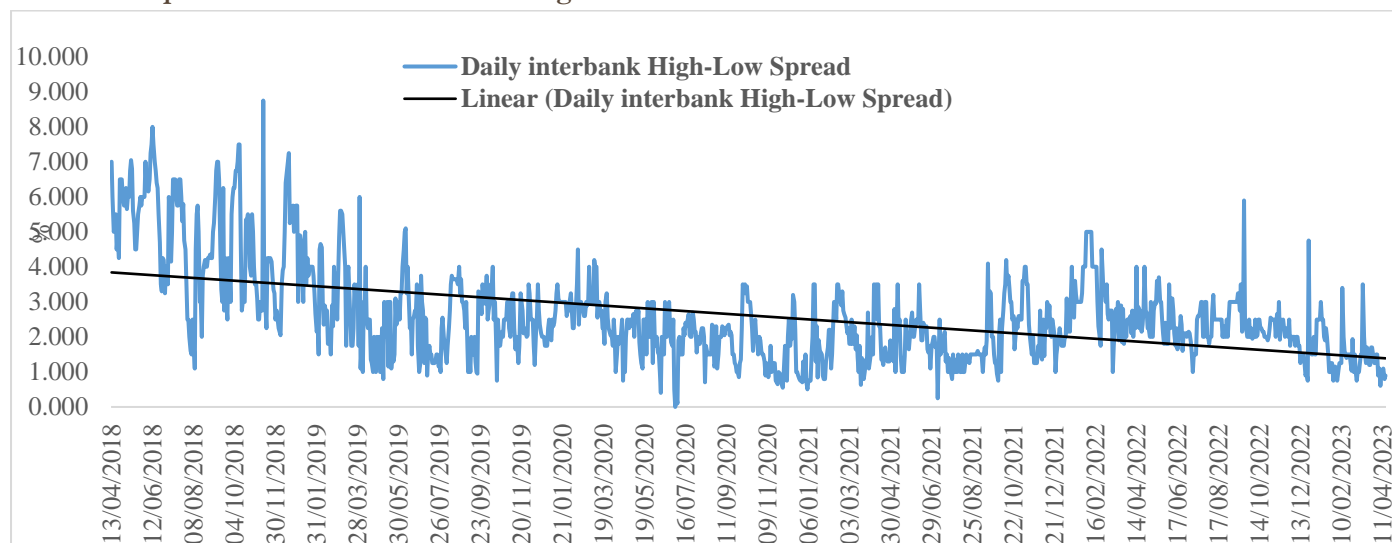
Key Rates and Spreads

Inter-bank rates halt a 5-weeks rising streak



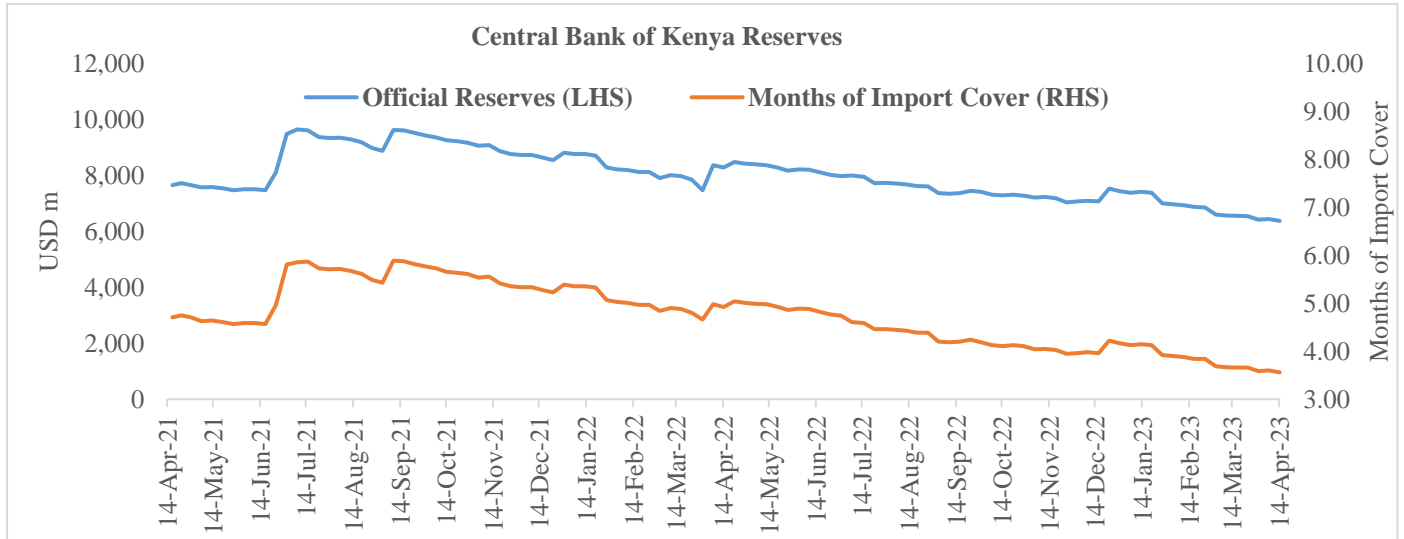
Source: CBK

Inter-bank spreads narrow for the third straight week



Source: CBK

CBK FX reserve & import cover declines week-on-week



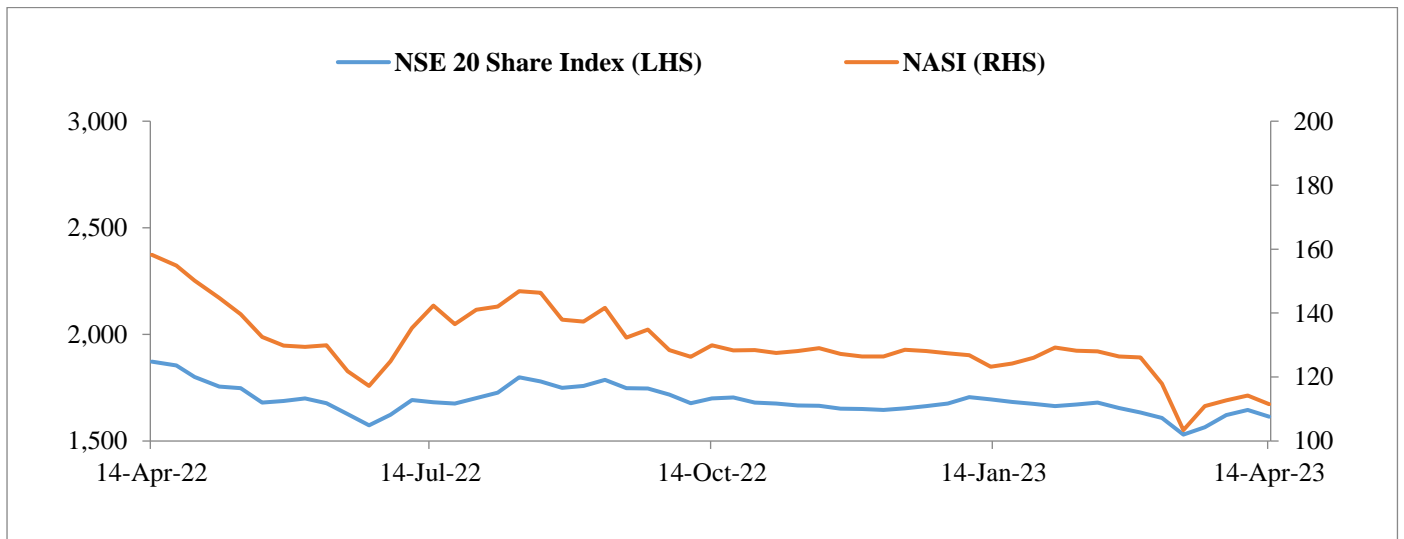
Source: CBK

Equity market trading commentary

For the third successive week, equity turnover fell 32.6% to settle at USD 7.7m (KES 1.0bn). Halting a 3-weeks winning streak, the NASI traded down 2.4% w/w to end at 111.56 and the NSE 20 notched down 1.9% w/w to settle at 1,613.85. Foreign investors turned net buyers at USD 1.5m (KES 200.8m) after registering net foreign outflows in the last five weeks. Local investors drove market activity at the bourse at 53.3% of total turnover, up from 40.1% last week. Equity bank marked the highest net foreign inflows at USD 1.9m (KES 250.7m). On the other hand, EABL (USD 0.2m, KES 30.9m) and BAT Kenya (USD 0.2m, KES 27.4m) saw the largest net foreign outflows.

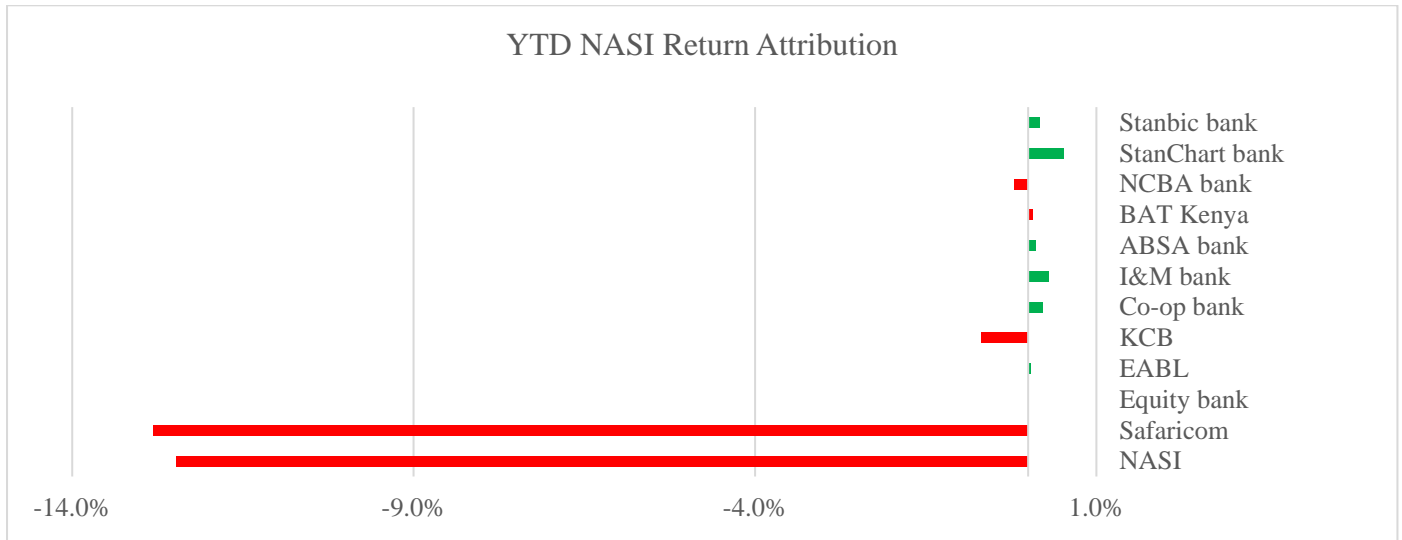
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Market performance over the past 12 months



Source: NSE

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



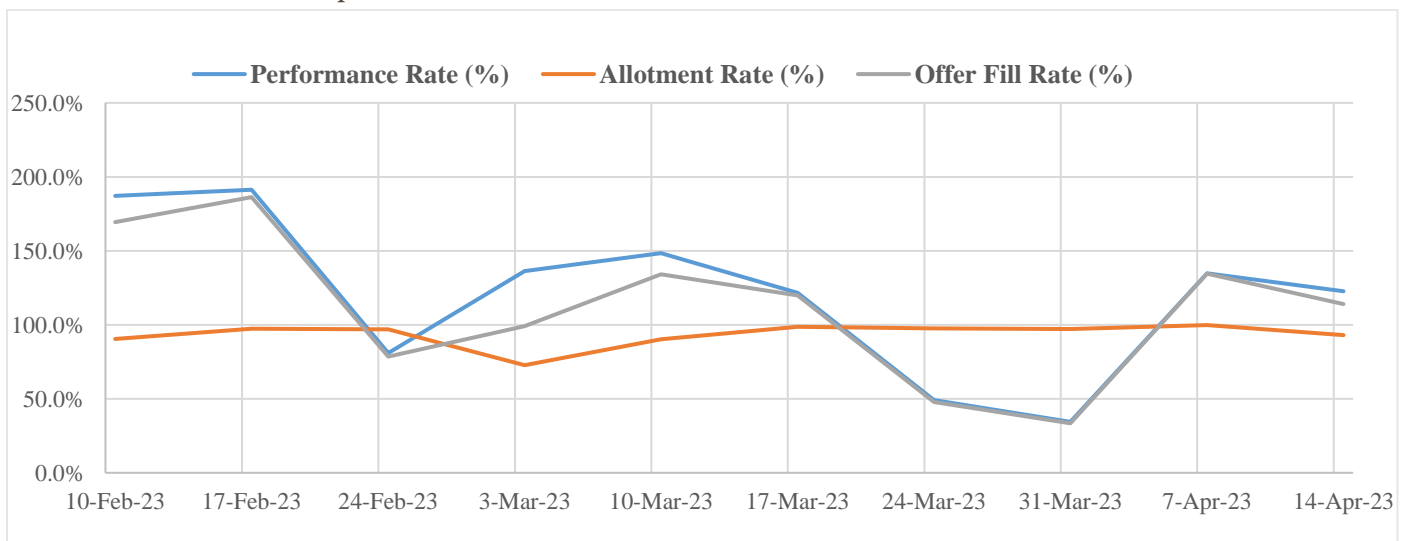
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates declined to 122.6%, up from 134.8% the prior week. Investor demand persisted on the 91-Day T-Bill but remained weak on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor notched up for the fifteenth successive week.

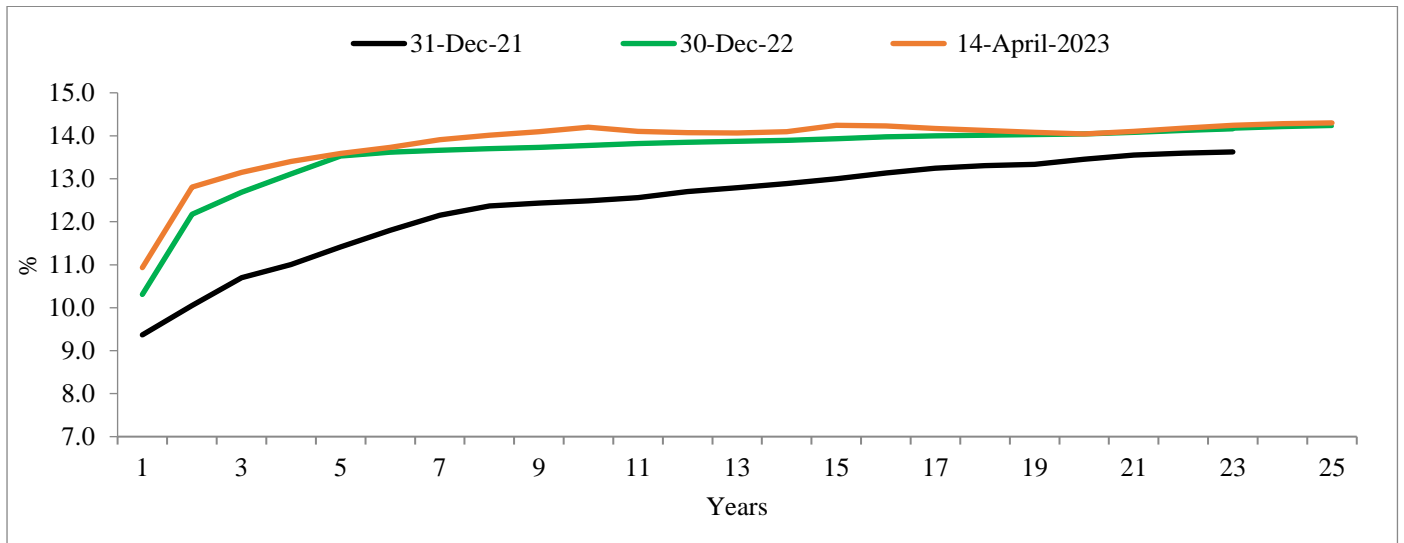
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 24.9bn for the 91-Day T-Bill, implying a subscription rate of 621.94%. It accepted bids worth KES 22.8bn at an average yield of 10.072% (+6.8bps w/w). The 182-Day T-Bill received bids worth KES 2.5bn, implying a performance rate of 24.72%. It accepted bids worth KES 2.5bn at an average yield of 10.428% (+6.0bps w/w). The 364-Day T-Bill received bids worth KES 2.1bn, implying a performance rate of 20.73%. It accepted bids worth KES 2.1bn at an average yield of 10.932% (+7.5bps w/w).

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



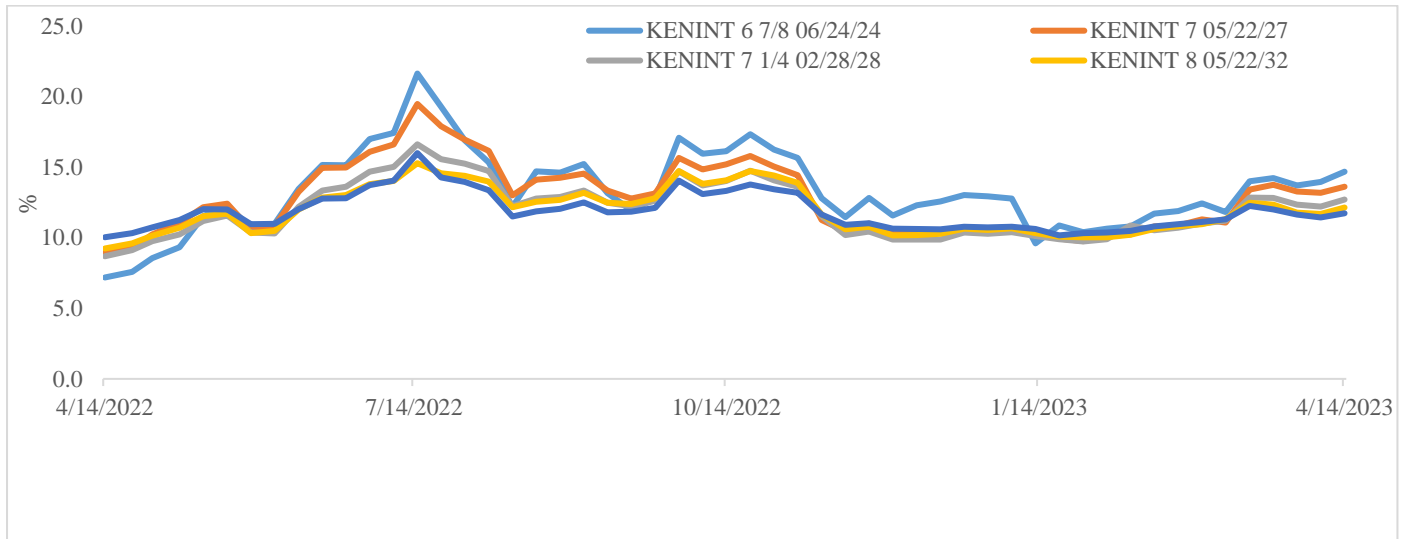
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across longer tenors breaks a 3-weeks declining streak



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	35.45	16.35	17.80	-26.3	5,308	40.8%	1.74	1.33	3.5	10.2	7.5	5.1	49.9	1,543,566	
Equity Bank	Banking	Dec	53.25	37.90	44.50	0.0	1,250	9.6%	12.24	3.00	40.8	3.6	6.7	1.1	30.0	404,985	
EA Breweries	Breweries	Jun	187.00	110.00	168.50	0.6	992	7.6%	15.00	11.00	20.5	11.2	6.5	8.2	73.2	2,380,715	
KCB Bank	Banking	Dec	43.50	30.00	33.90	-11.0	811	6.2%	12.64	2.00	62.3	2.7	5.9	0.5	20.3	210,083	
Co-op Bank	Banking	Dec	13.25	10.70	13.00	5.7	568	4.4%	3.76	1.50	18.4	3.5	11.5	0.7	20.5	61,559	
Absa Bank	Banking	Dec	12.95	9.70	12.70	3.3	513	3.9%	2.69	1.35	11.7	4.7	10.6	1.1	22.9	35,827	
StanChart Bank	Banking	Dec	170.25	123.75	170.00	19.1	478	3.7%	31.91	22.00	148.6	5.3	12.9	1.1	21.5	67,144	
NCBA Bank	Banking	Dec	40.00	23.60	37.00	-6.0	454	3.5%	10.02	4.25	49.1	3.7	11.5	0.8	20.4	16,942	
BAT Kenya	Tobacco	Dec	494.50	404.00	472.00	2.6	351	2.7%	68.92	57.00	163.8	6.8	12.1	2.9	42.1	111,002	
Stanbic Bank	Banking	Dec	114.00	90.00	110.75	8.6	326	2.5%	22.92	12.60	157.3	4.8	11.4	0.7	14.6	26,032	
I&M Holdings	Banking	Dec	21.00	16.50	20.55	20.9	253	1.9%	5.74	1.50	41.4	3.6	7.3	0.5	13.9	15,382	
Bank of Kigali	Banking	Dec	33.00	27.00	31.25	-0.8	209	1.6%	7.95	3.28	41.8	3.9	10.5	0.7	19.0	987	
Umeme Ltd.	Power	Dec	15.05	6.58	15.05	102.8	182	1.4%	3.03	2.12	20.7	5.0	14.1	0.7	14.7	1,815	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	162	1.2%	(2.79)	-	(14.7)	-	-	-	-	-	
KenGen	Power	Jun	3.81	2.15	2.40	-25.5	118	0.9%	0.70	0.18	42.0	3.4	7.5	0.1	1.7	4,352	
DTB Bank	Banking	Dec	57.75	44.00	53.00	6.0	110	0.8%	17.27	3.00	250.7	3.1	5.7	0.2	6.9	16,532	
Total Oil	Oil	Dec	25.85	18.25	21.10	-11.5	99	0.8%	4.35	1.31	45.4	4.8	6.2	0.5	9.6	709	
Britam	Insurance	Dec	6.94	4.34	4.57	-12.1	86	0.7%	0.03	-	7.5	159.9	-	0.6	0.4	1,312	
Jubilee Insurance	Insurance	Dec	274.00	148.25	158.75	-20.1	86	0.7%	82.21	14.00	618.5	1.9	8.8	0.3	13.3	8,929	
Bamburi Cement	Cement	Dec	38.35	26.75	28.20	-10.5	76	0.6%	2.15	3.58	0.1	13.1	12.7	343.5	2,618.6	23,662	
Sasini Tea & Coffee	Agric	Sept	129.00	18.60	27.20	21.2	46	0.4%	5.11	1.00	56.5	5.3	3.7	0.5	9.1	799	
Centum Investment	Finance	Mar	12.25	7.90	8.70	4.1	43	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	7,091	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	40	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Kakuzi	Agric	Dec	441.25	240.00	264.00	-31.4	39	0.3%	43.15	24.00	303.5	6.1	9.1	0.9	14.2	468	
Kenya Re	Insurance	Dec	2.25	1.54	1.82	-0.5	38	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,800	
CIC Insurance	Insurance	Dec	2.18	1.72	1.94	-0.5	38	0.3%	0.42	0.13	3.3	4.6	6.7	0.6	12.8	1,485	
Crown Paints	Manufac.	Dec	44.00	32.30	35.00	-16.4	37	0.3%	5.13	4.00	24.1	6.8	11.4	1.5	21.3	251	
Carbacid	Gases	July	14.15	10.55	12.15	1.3	23	0.2%	2.98	0.70	13.6	4.1	5.8	0.9	21.9	5,797	
Kenya Power	Power	Jun	2.08	1.36	1.52	-2.6	22	0.2%	(0.75)	-	30.2	-	-	0.1	(2.5)	8,512	
Nation Media	Media	Dec	23.20	14.15	15.35	-3.8	22	0.2%	16.74	1.49	43.1	0.9	9.7	0.4	38.9	1,835	
TPSEA Serena	Tourism	Dec	17.50	10.85	14.95	12.0	20	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	2,374	
Liberty K. Holdings	Insurance	Dec	7.48	3.71	3.71	-33.8	15	0.1%	0.15	-	15.9	24.3	-	0.2	1.0	51	
NSE	Finance	Dec	8.38	6.02	6.20	-8.6	12	0.1%	0.05	0.20	7.1	117.2	3.2	0.9	0.7	1,454	
Unga Ltd	Food	Jun	34.75	15.00	20.95	-34.5	12	0.1%	2.48	-	58.3	8.5	-	0.4	4.2	314	
BOC Kenya	Gases	Dec	85.00	65.00	77.00	8.8	11	0.1%	4.78	6.70	84.3	16.1	8.7	0.9	5.7	213	
Housing Finance	Banking	Dec	4.18	2.86	3.81	19.4	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,528	
WPP Scangroup	Media	Dec	4.32	2.77	2.85	-5.3	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	579	
Car & Gen	Motors	Sept	62.00	28.10	30.00	-36.8	9	0.1%	26.33	3.20	135.8	1.1	10.7	0.2	19.4	236	
Sanlam Kenya	Insurance	Dec	14.90	7.86	8.00	-16.5	9	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	51	
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	588	
Standard Newspapers	Media	Dec	14.75	8.52	8.16	-21.9	5	0.0%	(0.90)	-	10.5	-	-	0.8	(8.5)	25	
Longhorn	Publishing	Jun	4.07	2.51	2.30	-23.3	5	0.0%	0.62	-	2.8	3.7	-	0.8	22.2	142	
EA Portland	Cement	Jun	8.80	5.94	6.90	1.5	5	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	19	
TransCentury	Finance	Dec	1.30	0.79	0.92	-1.1	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	66	
												Average	13.2	8.0	5.2	51.4	4,971,801

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