

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	14.85	106.8%	BUY
Equity bank	43.67	40.00	9.2%	HOLD
KCB bank	47.26	29.85	58.3%	BUY
Co-op bank	20.46	12.80	59.8%	BUY
ABSA bank	12.89	14.05	-8.3%	HOLD
StanChart bank	138.26	189.50	-27.0%	SELL
NCBA bank	40.68	39.00	4.3%	HOLD
I&M bank	33.32	20.60	61.7%	BUY
Stanbic bank	108.85	116.75	-6.8%	HOLD
DTB bank	116.13	45.60	154.7%	BUY
EABL	151.28	151.00	0.2%	HOLD
Bamburi Cement	44.37	63.00	-29.6%	SELL
BAT Kenya	460.00	347.75	32.3%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, Kenya Power touched a six-day high supported by increased local demand. Equity Bank had the highest net foreign inflows at USD 0.3m (KES 34.3m) while Safaricom registered the highest net foreign outflows at USD 0.5m (KES 70.1m).

Debt market commentary and outlook

- Overall subscription rates fell to 107.3% from 166.2% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined for the 91-Day T-Bill, the 182-Day T-Bill, and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a four-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill declined for the third week straight.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,643.8	-1.0%	-2.7%	8.6%	13.9%	7.1%	9.5%
Kenya NASI	102.5	-2.1%	-3.9%	10.4%	19.5%	-0.6%	11.2%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.5%	-5.2%	-6.0%	25.7%	12.6%	34.0%
Johannesburg Index	-5.2%	0.4%	0.3%	12.5%	13.9%	4.3%
Nigeria Stock Exchange	1.7%	-0.8%	-4.1%	-11.5%	-26.6%	-24.3%
Ghana Stock Exchange	0.2%	1.9%	8.8%	11.5%	5.0%	8.7%
Egyptian Stock Exchange	-3.6%	-1.7%	4.8%	-37.6%	0.4%	-26.9%
MSCI EFM ex SA Index	-1.8%	-2.5%	-1.0%	1.7%	3.6%	49.0%

Other market statistics

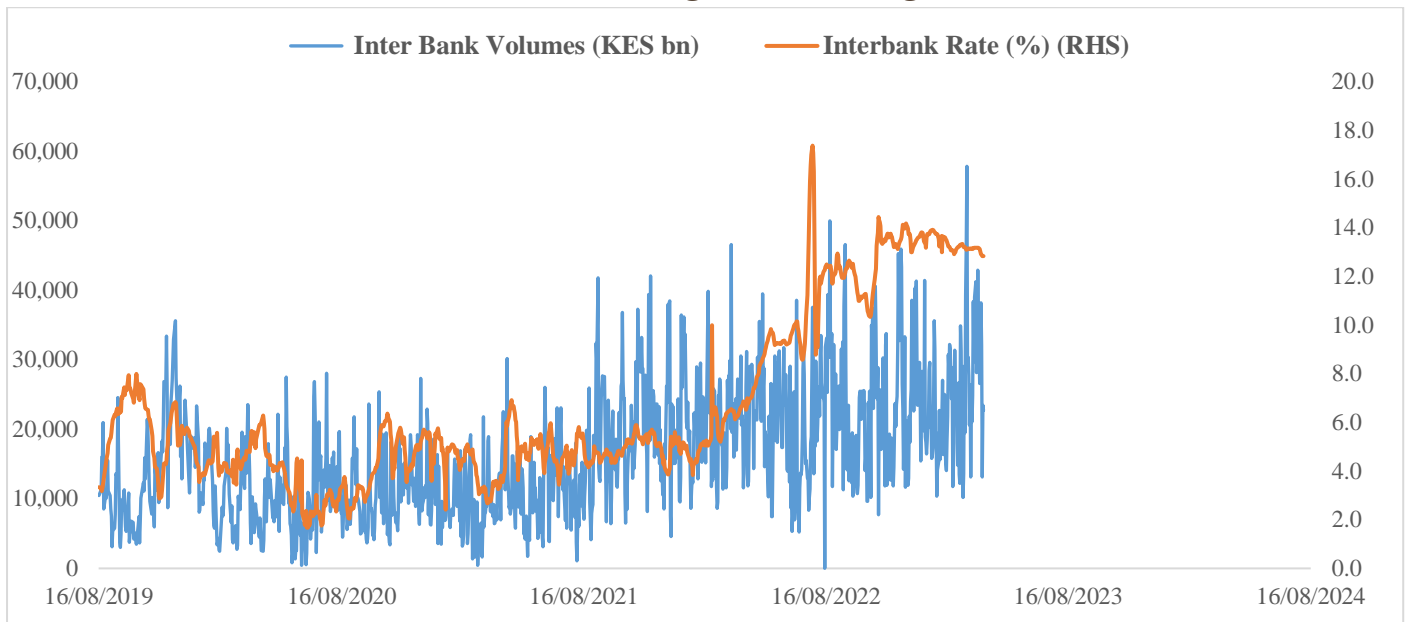
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.11	-0.2%	1.1%	1.5%	12.3%	11.6%	21.3%
USD/ZAR	17.87	-2.5%	-0.4%	-0.9%	3.0%	3.6%	0.1%
USD/EGP	48.90	-0.7%	-2.0%	-4.8%	-37.3%	-37.2%	-37.2%
USD/NGN	1588.69	-0.5%	-0.1%	-5.1%	-6.4%	-52.5%	-42.9%
USD/GHS	15.62	0.2%	-0.9%	-8.3%	-20.0%	-27.6%	-23.4%

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	352.8	208.2	59.0%	-1.2%	-1.2%	-0.3%	-12.9%
KCB Bank	126.2	12.2	9.7%	-0.5%	36.3%	0.5%	-12.6%
Equity Bank	78.4	17.7	22.6%	0.1%	18.9%	-0.1%	-7.6%
EABL	53.7	13.1	24.5%	-0.7%	32.5%	0.7%	0.7%
Bamburi	25.3	0.0	0.0%	1.2%	75.7%	-1.2%	2.4%

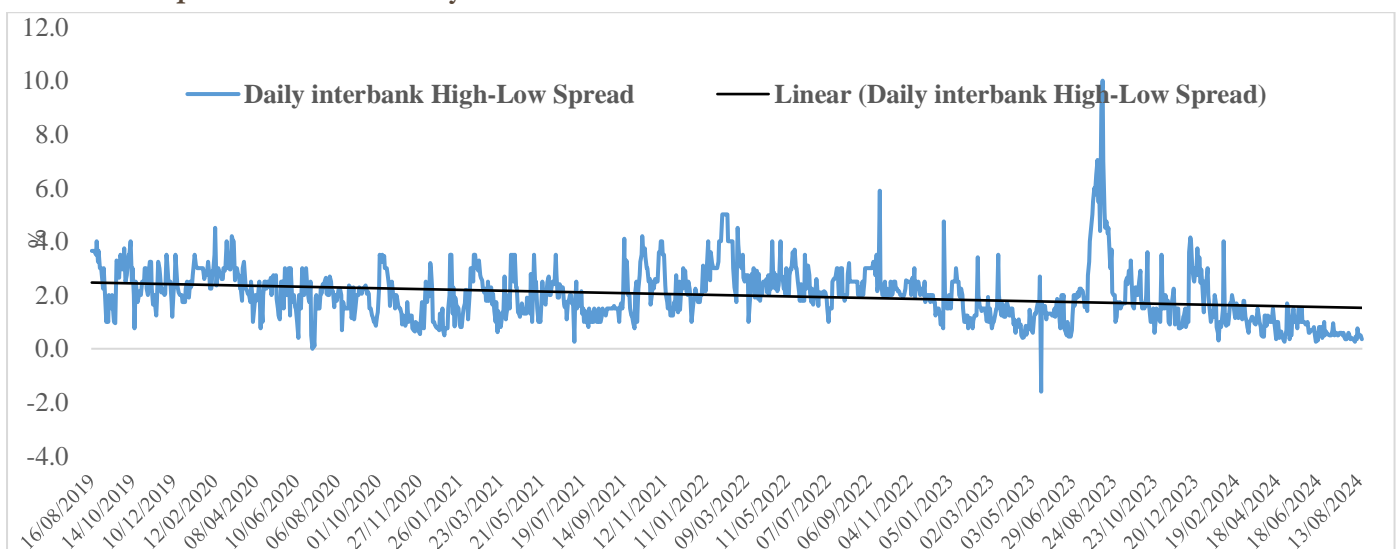
Key Rates and Spreads

Inter-bank Rates decline week-on-week, sustaining a 2-week losing streak.



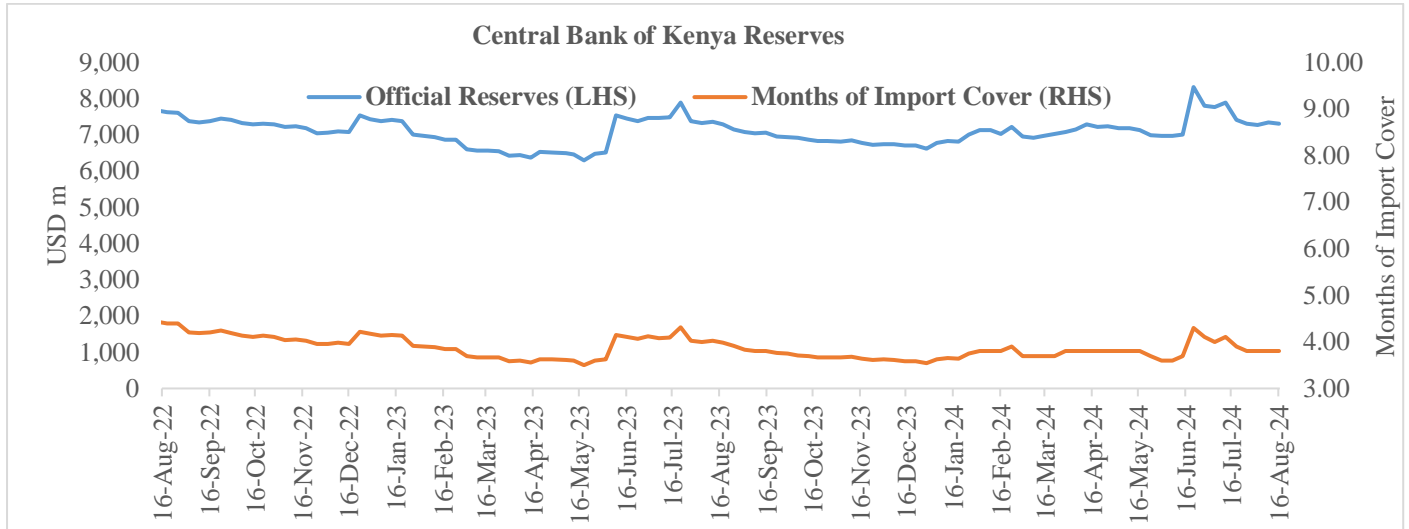
Source: CBK

Inter-bank Spreads remain steady week-on-week.



Source: CBK

Months of import cover and CBK FX decline week on week.



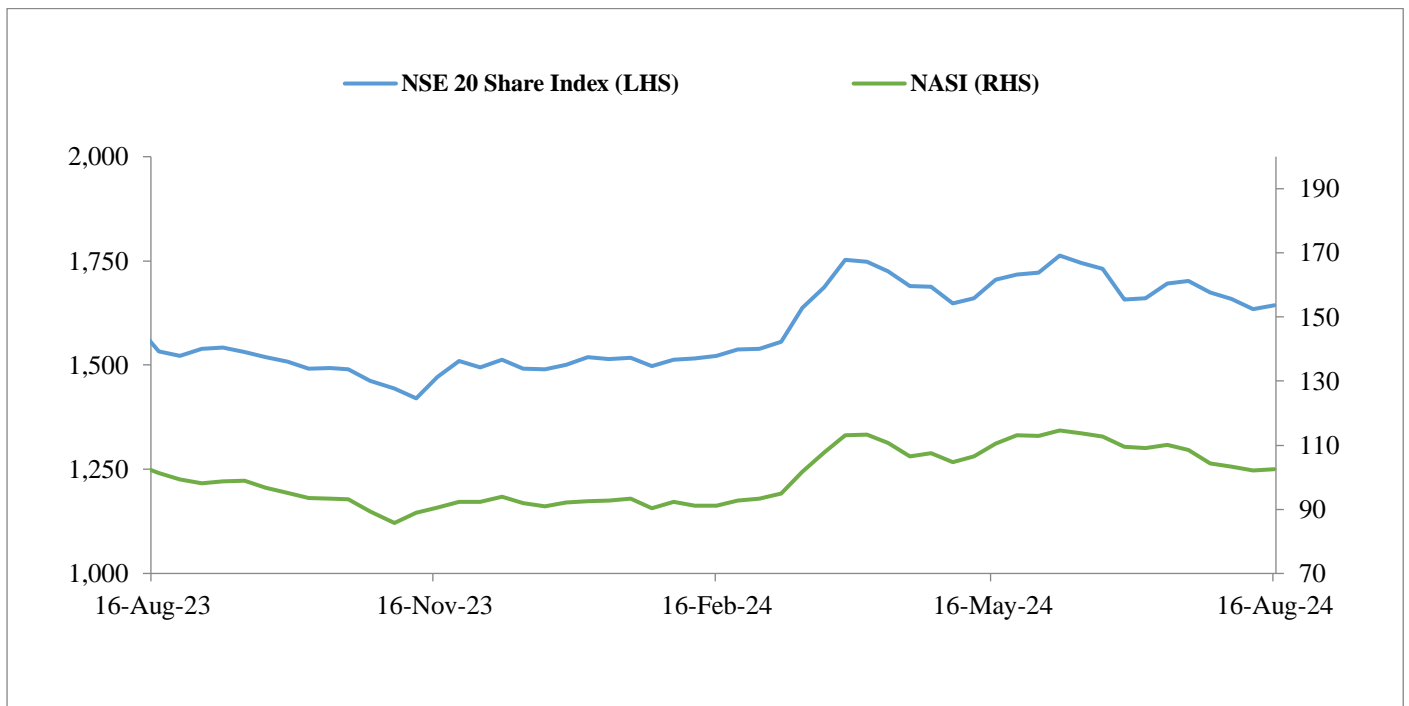
Source: CBK

Equity market trading commentary

Market turnover declined by 59.2% settling at USD 6.1m (KES 783.0m). The NASI recovered by 0.4%, breaking a four-week losing streak to conclude at 102.47 as the NSE 20 gained 0.6% to halt at 1,643.81, breaking a three-week losing streak. Equity Bank had the highest net foreign inflows at USD 0.3m (KES 34.3m) while Safaricom registered the highest net foreign outflows at USD 0.5m (KES 70.1m).

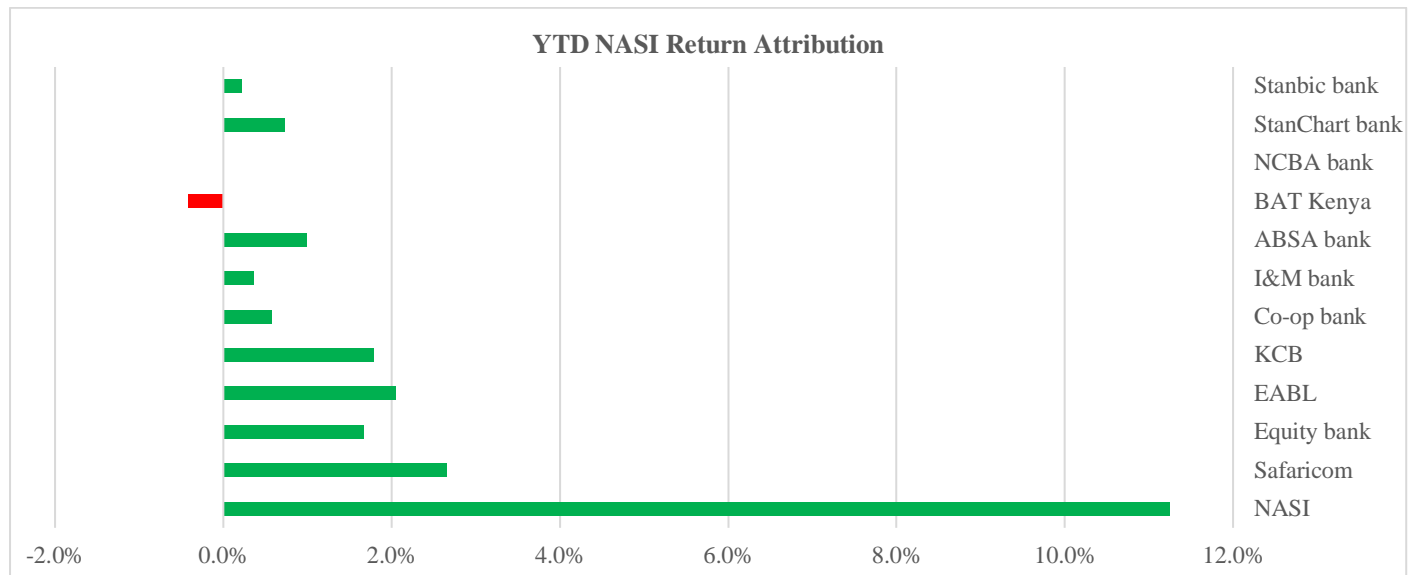
During the week, Kenya Power touched a six-day high supported by increased local demand.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

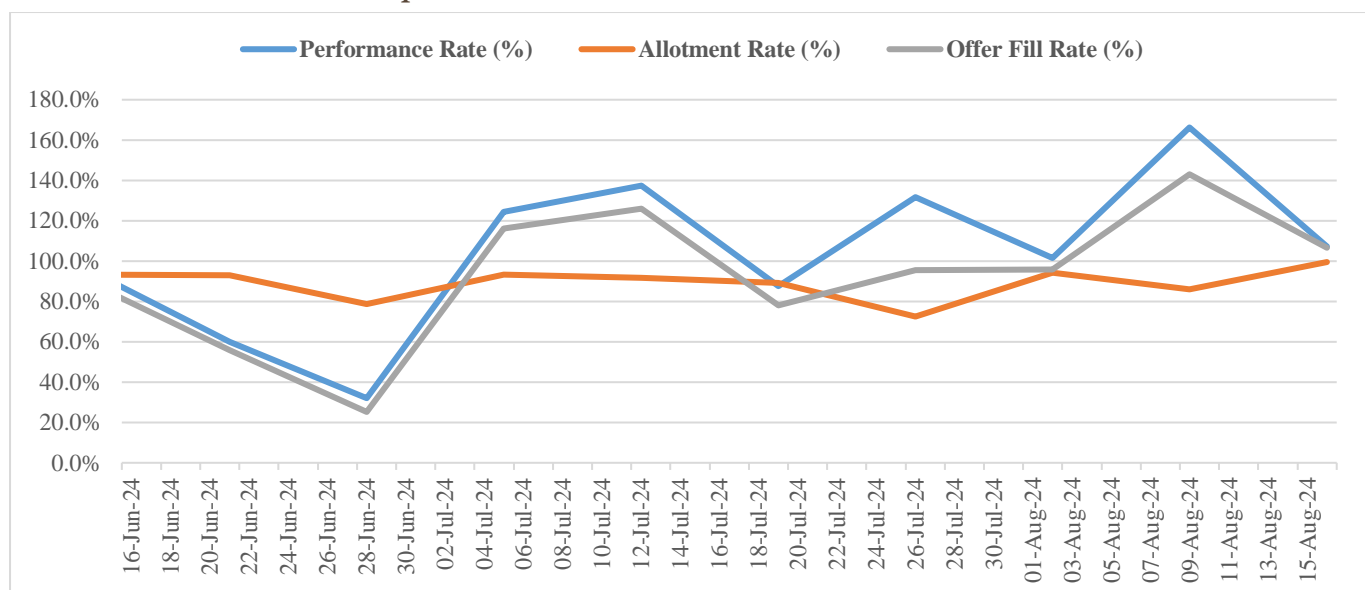
Overall subscription rates fell to 107.3% from 166.2% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined for the 91-Day T-Bill, the 182-Day T-Bill, and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a four-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill declined for the third week straight.

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 10.5 bn for the 91-Day T-Bill, implying a subscription rate of 262.93%. It accepted bids worth KES 10.4bn at an average yield of 15.810% (-0.8bps w/w).

The 182-Day T-Bill received bids worth KES 11.0bn, implying a performance rate of 110.39%. It accepted bids worth KES 11.0bn at an average yield of 16.708% (-0.7 bps w/w).

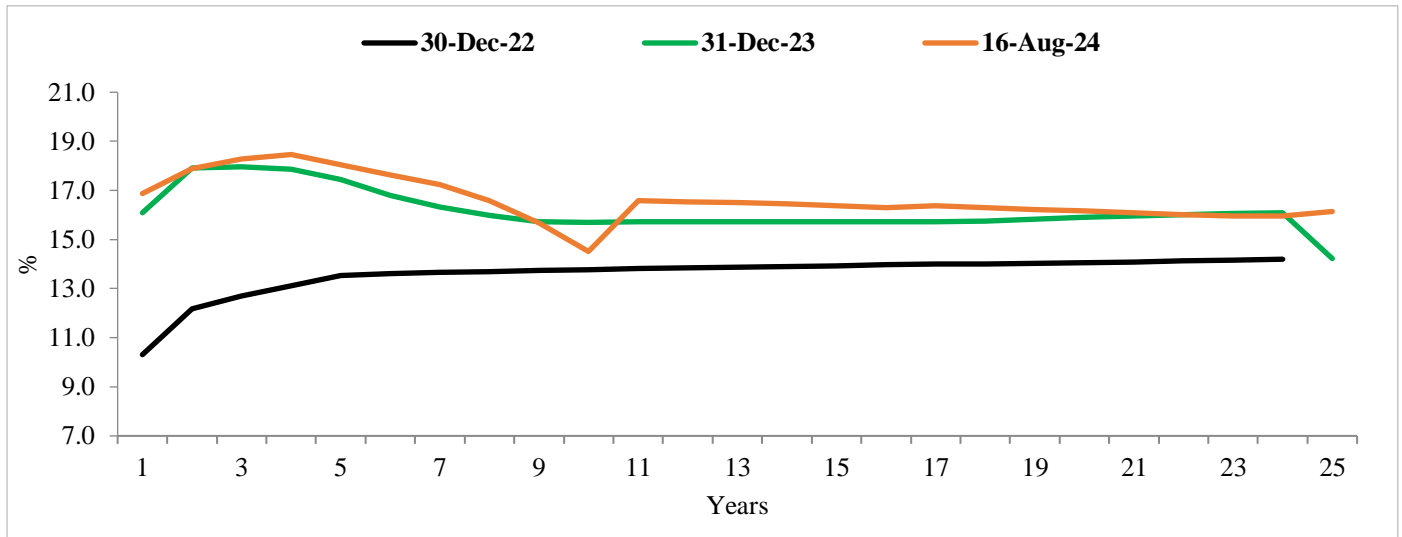
The 364-Day T-Bill received bids worth KES 4.2bn, implying a performance rate of 41.85%. It accepted bids worth KES 4.1bn at an average yield of 16.866% (-4.8bps w/w).

T-Bills Performance rates improve week-on-week



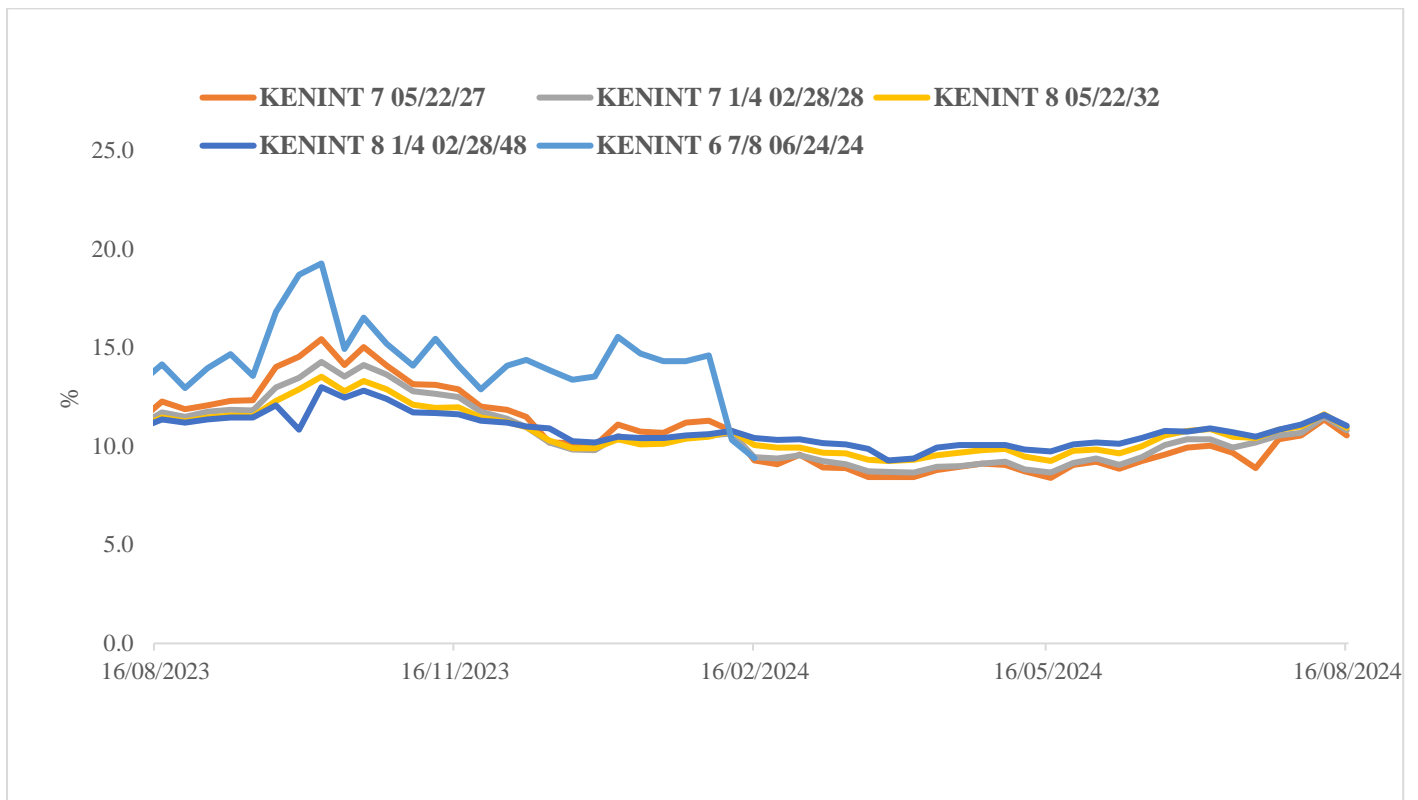
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields increase across all tenors for the fourth consecutive 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	14.85	6.8	4,607	36.9%	1.06	1.20	4.7	13.9	8.1	3.2	22.7	108,862,688
Equity Bank	Banking	Dec	49.20	33.65	40.00	18.9	1,169	9.4%	11.12	3.00	48.7	3.6	7.5	0.8	22.8	58,655,584
EA Breweries	Breweries	Jun	95.00	67.00	17.00	32.5	925	7.4%	-	1.75	27.1	-	1.2	5.6	-	15,603,011
Co-op Bank	Banking	Dec	15.05	10.20	12.80	12.3	582	4.7%	4.03	1.50	18.4	3.2	11.7	0.7	21.9	14,611,848
NCBA Bank	Banking	Dec	45.20	35.00	39.00	0.1	498	4.0%	13.17	2.75	53.7	3.0	7.1	0.7	24.5	3,560,317
Absa Bank	Banking	Dec	14.30	10.75	14.05	22.7	591	4.7%	2.19	1.55	12.0	6.4	11.0	1.2	18.3	10,967,201
KCB Bank	Banking	Dec	37.95	15.75	29.85	36.3	743	6.0%	13.30	-	68.1	2.2	-	0.4	19.5	37,935,443
StanChart Bank	Banking	Dec	201.25	150.25	189.50	17.0	554	4.4%	40.82	29.00	158.0	4.6	15.3	1.2	25.8	6,083,098
Stanbic Bank	Banking	Dec	130.00	100.25	116.75	7.4	357	2.9%	28.71	13.75	140.8	4.1	11.8	0.8	20.4	7,390,883
BAT Kenya	Tobacco	Dec	95.00	67.00	347.75	-14.7	269	2.2%	55.68	50.00	163.8	6.2	14.4	2.1	34.0	9,366,375
BK Group	Banking	Dec	37.00	30.15	35.50	-0.8	247	2.0%	10.48	3.28	46.8	3.4	9.3	0.8	22.4	50,859
I&M Holdings	Banking	Dec	22.65	16.75	20.60	17.7	264	2.1%	8.10	2.55	47.8	2.5	12.4	0.4	16.9	51,401,434
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	1,400,782
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	169	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	63.00	75.7	177	1.4%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	12,054,391
KenGen	Power	Jun	2.52	1.96	2.33	15.9	119	1.0%	0.49	-	41.6	4.8	-	0.1	1.2	1,443,555
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.15	-11.4	92	0.7%	60.93	12.30	613.8	2.7	7.5	0.3	9.9	1,116,866
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	2,907,836
Britam	Insurance	Dec	6.38	4.15	5.64	17.7	110	0.9%	1.30	-	9.2	4.3	-	0.6	14.1	244,141
Total Oil	Oil	Dec	1.96	1.35	20.05	11.4	98	0.8%	4.80	1.31	48.0	4.2	6.5	0.4	10.0	406,211
Kakuzi	Agric	Dec	420.00	353.50	380.00	-1.3	58	0.5%	23.25	24.00	303.5	16.3	6.3	1.3	7.7	108,306
CIC Insurance	Insurance	Dec	6.38	4.15	5.64	-4.0	44	0.3%	0.55	0.13	3.3	3.9	6.0	0.7	16.9	220,506
Centum Investment	Finance	Mar	9.44	7.88	8.50	1.2	44	0.4%	(8.95)	0.60	55.8	-	7.1	0.2	(16.1)	996,948
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	63.50	22.50	63.00	-4.6	37	0.3%	(0.20)	4.00	24.1	-	6.3	2.6	(0.8)	12,054,391
Kenya Re	Insurance	Dec	2.87	1.20	1.26	-33.0	27	0.2%	1.78	0.10	13.4	0.7	7.9	0.1	13.2	3,353,368
Sasini Tea & Coffee	Agric	Sept	26.25	17.00	18.20	-9.0	32	0.3%	3.11	1.00	61.7	5.9	5.5	0.3	5.0	69,020
Carbacid	Gases	July	18.00	14.55	17.00	13.3	34	0.3%	4.01	0.70	13.6	4.2	4.1	1.2	11.9	309,444
Nation Media	Media	Dec	22.00	14.70	14.75	-26.4	22	0.2%	(1.08)	1.49	43.1	-	10.1	0.3	(2.5)	439,214
Kenya Power	Power	Jun	1.96	1.35	1.92	35.2	29	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,561,463
TPSEA Serena	Tourism	Dec	20.05	11.00	13.50	-17.9	19	0.2%	4.78	-	33.3	2.8	-	0.4	14.4	45,353
Liberty K. Holdings	Insurance	Dec	200.00	152.25	1.26	44.7	22	0.2%	0.15	-	15.9	35.0	-	0.3	1.0	21,033
BOC Kenya	Gases	Dec	95.00	67.00	93.50	14.0	14	0.1%	10.14	5.95	85.1	9.2	6.4	1.1	11.9	23,728
NSE	Finance	Dec	6.62	5.50	5.98	-0.7	12	0.1%	0.05	0.20	7.1	113.1	3.3	0.8	0.7	193,003
Housing Finance	Banking	Dec	5.10	3.25	4.44	27.6	13	0.1%	1.18	4.00	20.5	3.8	90.1	0.2	5.8	7,965
Unga Ltd	Food	Jun	1.53	1.01	0.27	-24.6	7	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	17,425
Sanlam Kenya	Insurance	Dec	2.87	1.20	5.34	1.7	7	0.1%	(0.88)	-	3.9	-	-	1.6	(22.7)	220,506
Car & Gen	Motors	Sept	41.50	18.85	22.25	-11.0	7	0.1%	(6.82)	3.20	135.8	-	14.4	0.2	(5.0)	15,547
Limuru Tea	Agric	Dec	430.00	365.00	365.00	-3.9	7	0.1%	3.38	1.00	80.9	107.9	0.3	4.5	4.2	2,426
WPP Scangroup	Media	Dec	2.94	1.92	2.10	-3.7	7	0.1%	0.30	-	11.9	7.0	-	0.2	2.5	50,846
EA Portland	Cement	Jun	63.50	22.50	0.93	-15.5	5	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	45,298
Standard Newspapers	Media	Dec	8.70	5.10	5.86	-24.3	4	0.0%	(10.05)	-	0.4	-	-	13.3	(2,284)	1,701
Longhorn	Publishing	Jun	2.93	2.01	2.16	-10.4	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	19,270
TransCentury	Finance	Dec	9.44	7.88	2.83	-38.5	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	84,268
Average												10.4	9.0	2.0	17.4	364,528,848

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Kestrel Capital E.A. Ltd.

Orbit Place, 1st Floor
Westlands Road

Tel: +254 20 2251758

research@kestrelcapital.com
www.kestrelcapital.com

Bloomberg: KEST <GO>

Equity Sales & Trading

Sally Kotut
sallyk@kestrelcapital.com

Chris Miriti
chrism@kestrelcapital.com

Amanda Onyango
amandao@kestrelcapital.com

Research

Ephantus Maina
ephantusm@kestrelcapital.com

Millicent Nyuguto
millicentn@kestrelcapital.com

Fixed Income Sales & Trading

Alexander Muiruri
alexanderm@kestrelcapital.com

Edwin Muthaura
edwinm@kestrelcapital.com

CEO & Executive Director

Francis Mwangi, CFA
francism@kestrelcapital.com