

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	24.30	44.9%	BUY
Equity bank	70.69	45.50	55.4%	BUY
KCB bank	68.17	37.25	83.0%	BUY
Co-op bank	19.83	12.00	65.3%	BUY
ABSA bank	14.44	12.15	18.8%	BUY
StanChart bank	122.25	139.00	-12.1%	HOLD
NCBA bank	43.98	36.10	21.8%	BUY
I&M bank	32.61	17.10	90.7%	BUY
Stanbic bank	109.98	92.75	18.6%	BUY
DTB bank	130.90	48.50	169.9%	BUY
EABL	223.42	166.00	34.6%	BUY
Bamburi Cement	60.07	31.15	92.8%	BUY
BAT Kenya	549.38	460.00	19.4%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- Owing to fewer trading days over the week, equity turnover fell by 22.5% w/w – the fourth straight decline. For the second straight week, the NASI held edged up 1.6% w/w. Breaking a 7-weeks losing streak, the NSE 20 rose 0.4% w/w. Jubilee Insurance traded down to a multi-year low on account local investors' sell-off

Debt market commentary and outlook

- For the third consecutive week, overall subscription rates increased to 121.8%, up from 97.1% posted last week, driven by continued activity on the 91-Day T-Bill. Its yield trended upwards for the twenty-ninth successive week. The yield on the 182-day T-Bill notched up for the twentieth week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,652.9	0.4%	-0.7%	-7.5%	1.6%	-10.9%	-13.1%
Kenya NASI Return	128.5	1.6%	-0.4%	-9.3%	5.5%	-21.5%	-22.8%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	2.8%	-15.2%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	3.1%	-21.9%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-0.6%	-1.6%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.2%	-1.2%	-6.6%	0.6%	-28.1%	-29.2%
Johannesburg Index	-2.1%	-1.4%	17.0%	-0.6%	-8.0%	-10.1%
Nigeria Stock Exchange	1.2%	9.2%	-2.6%	-12.3%	7.2%	8.9%
Ghana Stock Exchange	54.7%	60.2%	12.3%	-14.9%	-38.7%	-39.9%
Egyptian Stock Exchange	10.5%	20.1%	20.4%	16.5%	-17.3%	-19.4%
MSCI EFM ex SA Index	4.1%	7.5%	3.3%	-1.8%	-20.5%	-21.6%

Other market statistics

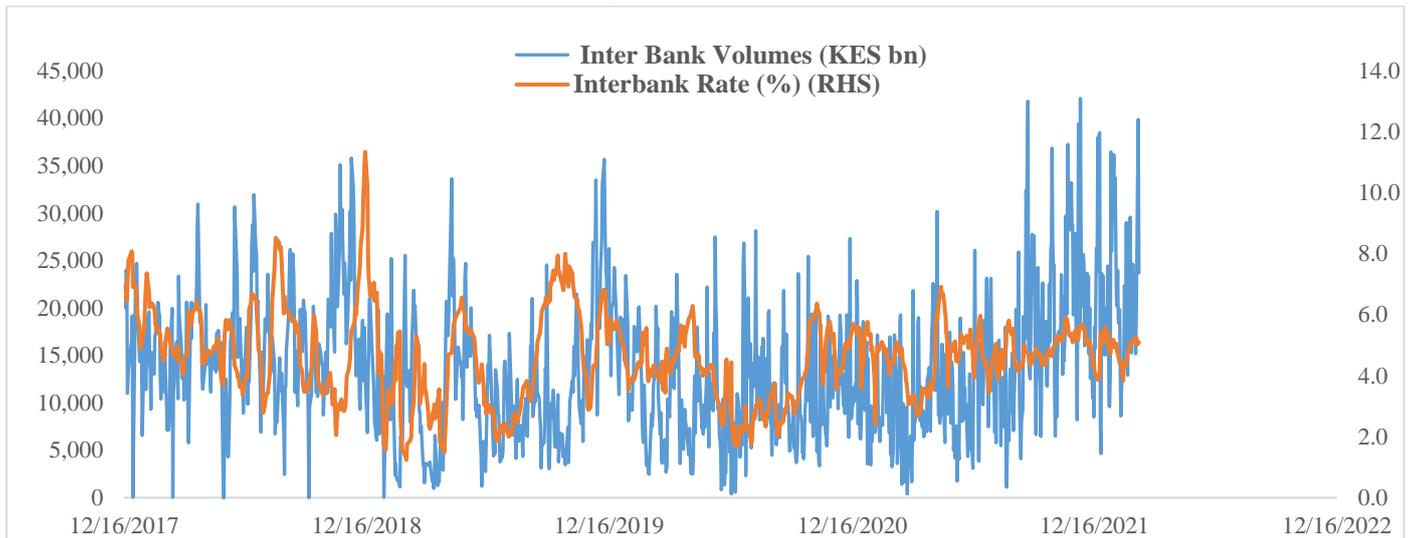
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	123.0	-0.4%	-0.8%	-2.0%	-4.6%	-8.1%	-8.0%
USD/ZAR	17.7	-1.0%	-2.2%	1.0%	-10.1%	-10.5%	-9.8%
USD/EGP	24.7	-0.5%	-0.7%	-21.1%	-24.1%	-36.2%	-36.3%
USD/NGN	450.0	-1.2%	-1.5%	-3.2%	-6.9%	-7.9%	-5.7%
USD/GHS	9.0	55.5%	61.1%	14.1%	-11.7%	-31.4%	-31.3%

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	250.2	-22.0	68.2%	2.7%	-34.3%	-37.6%	8.0%
EABL	226.4	-105.8	66.6%	-0.6%	0.6%	-2.8%	50.9%
Equity bank	214.7	-86.4	69.6%	1.1%	-13.7%	-15.0%	16.7%
KCB bank	54.7	-20.2	18.5%	0.9%	-18.0%	-20.7%	6.4%
DTB bank	22.8	0.0	0.0%	0.4%	-18.5%	-19.2%	5.4%

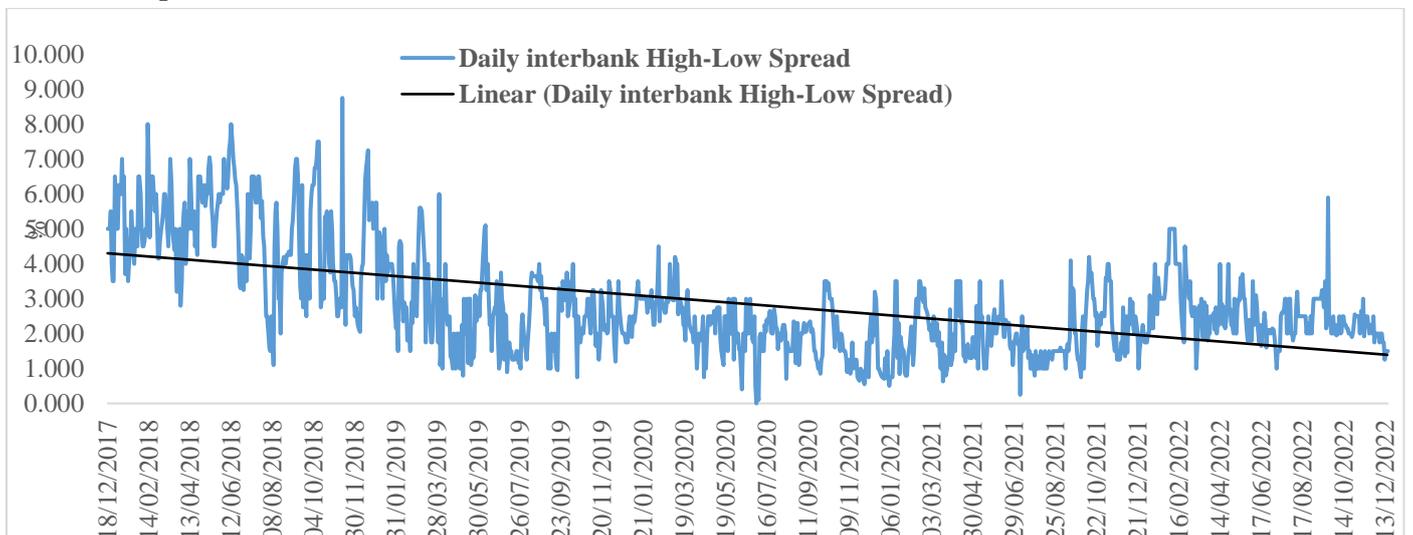
Key Rates and Spreads

Inter-bank rate decline week-on-week after rising in the last three weeks



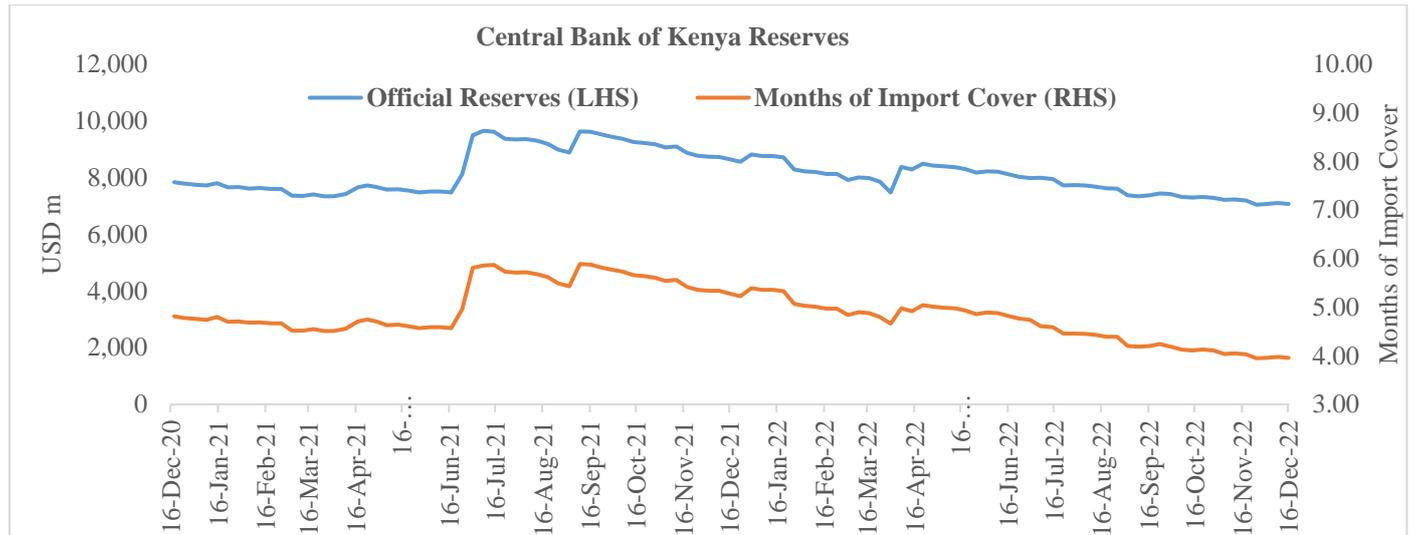
Source: CBK

Inter-bank spreads widen week-on-week



Source: CBK

Months of import cover and CBK FX reserves decline week-on-week



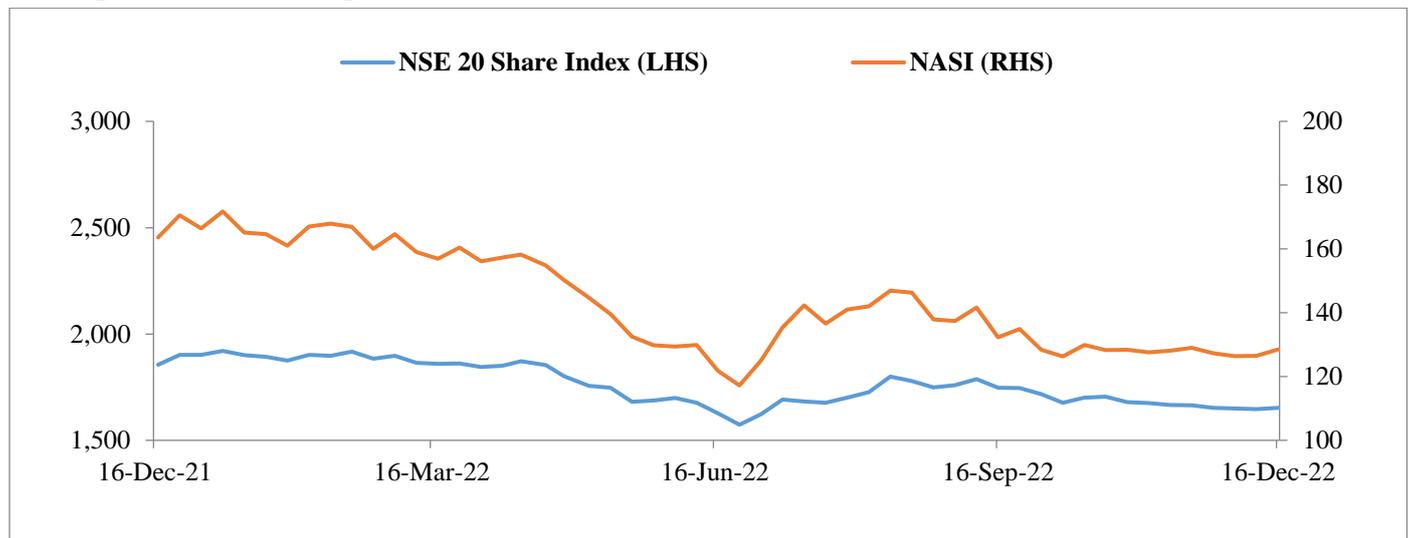
Source: CBK

Equity market trading commentary

Owing to fewer trading days over the week, equity turnover fell by 22.5% w/w to settle at USD 7.0m (KES 861.0m) – the fourth straight decline. For the second straight week, the NASI held edged up 1.6% w/w to end at 128.49. Breaking a 7-weeks losing streak, the NSE 20 rose 0.4% w/w to 1,682.86. Foreign investors remained overall net sellers at USD 2.0m (KES 244.5m) for the second successive week. Foreign trading drove activity at the bourse at 56.8% of total turnover, albeit down from 66.4% registered last week. EABL (USD 0.9m, KES 105.8) and Equity bank (USD 0.7m, KES 86.4m) experienced the highest net foreign outflows. On the other hand, BAT Kenya marked the highest net foreign inflows at USD 552.9 (KES 68.0k).

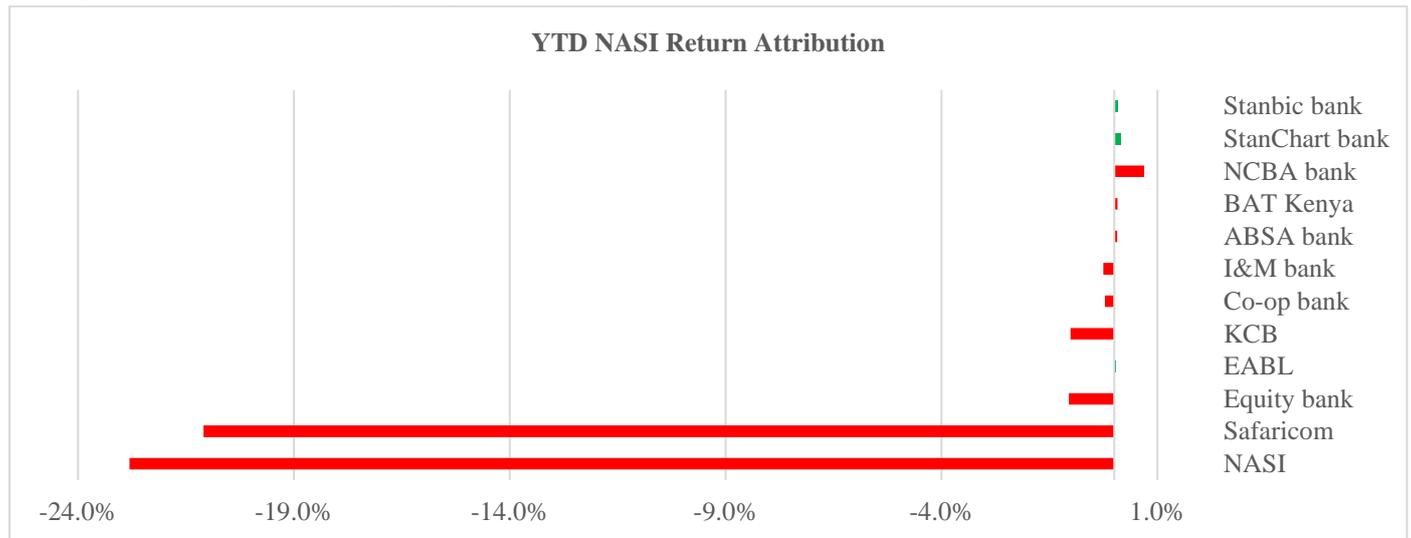
During the week, Jubilee Insurance traded down to a multi-year low on account local investors’ sell-off. StanChart traded ex-dividend over an interim dividend of KES 6.00 per share.

Market performance over the past 12 months



Source: NSE

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



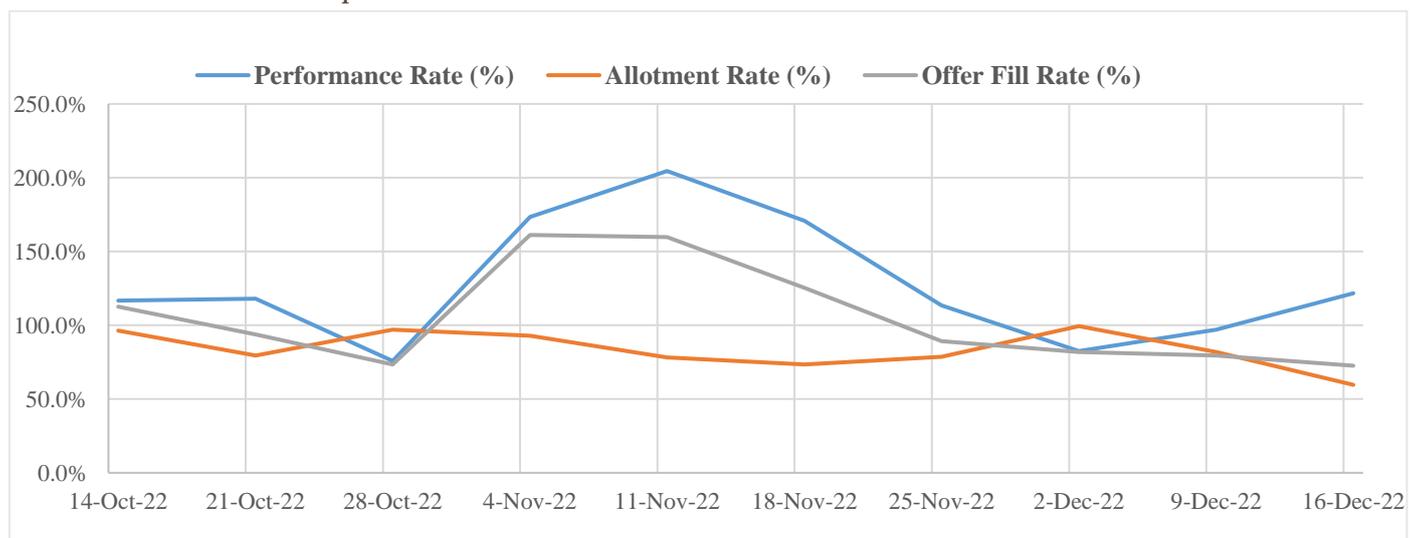
Source: Kestrel Research

Debt market trading commentary

For the third consecutive week, overall subscription rates increased to 121.8%, up from 97.1% posted last week, driven by continued activity on the 91-Day T-Bill. Its yield trended upwards for the twenty-ninth successive week. The yield on the 182-day T-Bill notched up for the twentieth week in a row.

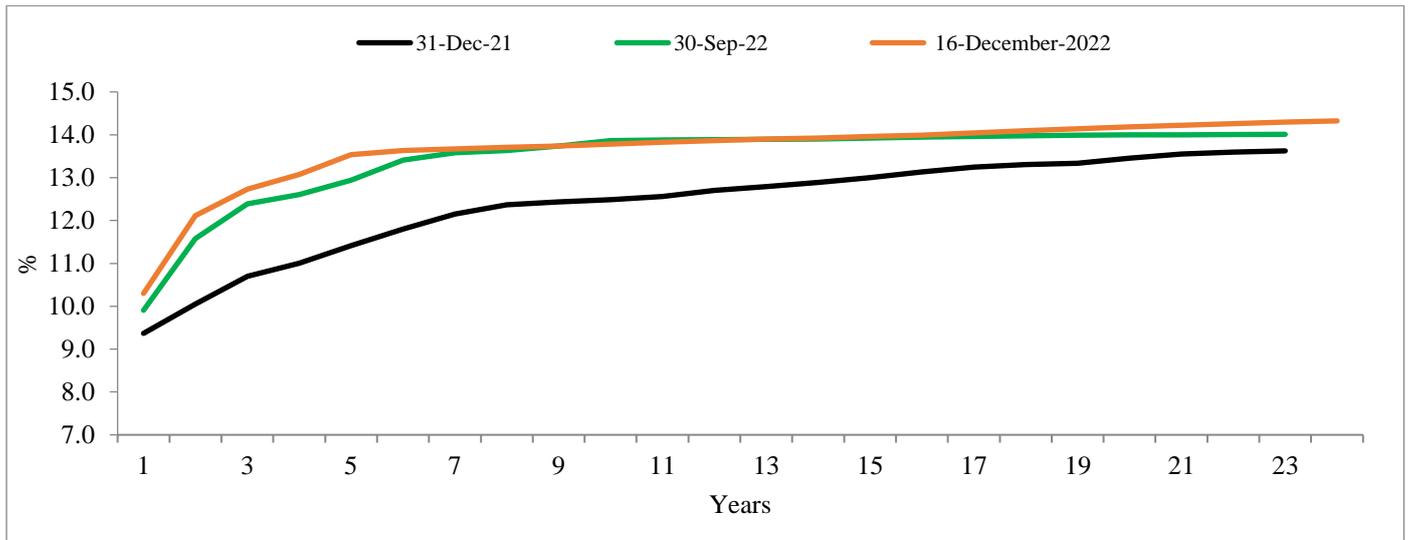
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 19.5bn for the 91-Day T-Bill, implying a subscription rate of 487.75%. It accepted bids worth KES 7.7bn at an average yield of 9.356% (+2.9bps w/w). The 182-Day T-Bill received bids worth KES 6.7bn, implying a performance rate of 67.21%. It accepted bids worth KES 6.7bn at an average yield of 9.821% (+2.5bps w/w). The 364-Day T-Bill received bids worth KES 3.0bn, implying a performance rate of 29.90%. It accepted bids worth KES 3.0bn at an average yield of 10.299% (+5.4bps w/w).

T-Bills Performance: Overall performance increase for the third week in a row



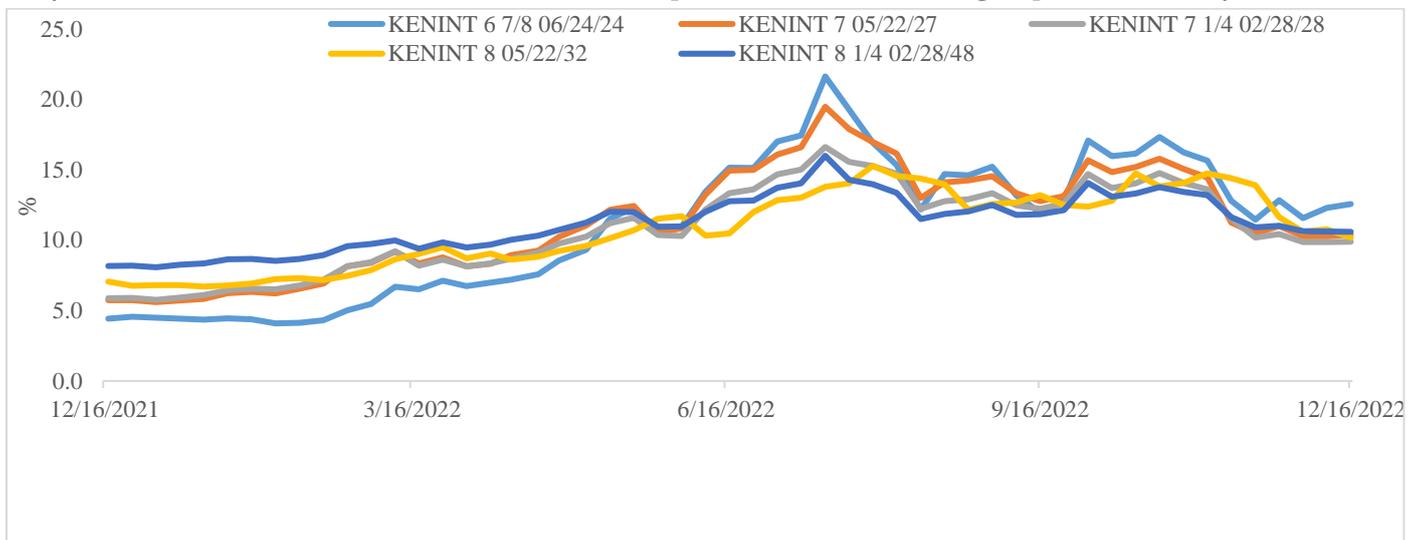
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors notch upwards for the second straight apart from the 48-year tenor



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	40.00	23.10	24.95	-34.3	8,128	49.7%	1.74	1.39	3.5	14.4	5.6	7.2	49.9	1,094,071
Equity Bank	Banking	Dec	53.50	39.00	45.50	-13.7	1,396	8.5%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	378,705
EA Breweries	Breweries	Jun	170.75	110.00	166.00	0.6	1,067	6.5%	15.00	11.00	20.5	11.1	6.6	8.1	73.2	222,771
KCB Bank	Banking	Dec	47.00	35.00	37.25	-18.0	973	5.9%	12.25	3.00	58.4	3.0	8.1	0.6	21.0	195,561
Co-op Bank	Banking	Dec	13.30	10.70	12.00	-7.3	572	3.5%	3.75	1.00	17.2	3.2	8.3	0.7	21.8	38,798
Absa Bank	Banking	Dec	12.70	9.70	12.15	2.5	537	3.3%	2.15	1.10	10.9	5.7	9.1	1.1	19.7	29,711
NCBA Bank	Banking	Dec	36.10	23.00	36.10	43.3	484	3.0%	10.02	4.25	49.1	3.6	11.8	0.7	20.4	92,148
StanChart Bank	Banking	Dec	147.75	123.75	139.00	8.4	427	2.6%	30.18	13.00	146.8	4.6	9.4	0.9	20.6	36,684
BAT Kenya	Tobacco	Dec	509.00	404.00	460.00	4.2	374	2.3%	67.10	55.00	129.1	6.9	12.0	3.6	52.0	87,099
Stanbic Bank	Banking	Dec	108.00	86.75	92.75	6.3	298	1.8%	22.99	7.30	127.4	4.0	7.9	0.7	18.0	6,770
I&M Holdings	Banking	Dec	21.50	16.50	17.10	-19.0	230	1.4%	5.74	1.50	41.4	3.0	8.8	0.4	13.9	17,014
Bank of Kigali	Banking	Dec	32.75	26.35	30.75	6.0	224	1.4%	7.95	3.28	41.8	3.9	10.7	0.7	19.0	689
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	177	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.48	3.21	3.29	-21.5	176	1.1%	0.16	0.18	32.4	20.7	5.5	0.1	0.5	11,209
Jubilee Insurance	Insurance	Dec	329.75	187.75	200.00	-36.9	118	0.7%	94.22	14.00	544.4	2.1	7.0	0.4	17.3	10,760
Total Oil	Oil	Dec	25.85	21.75	22.90	-8.4	117	0.7%	4.35	1.31	45.4	5.3	5.7	0.5	9.6	1,022
DTB Bank	Banking	Dec	60.00	46.00	48.50	-18.5	110	0.7%	17.27	3.00	250.7	2.8	6.2	0.2	6.9	29,419
Britam	Insurance	Dec	7.68	5.00	5.00	-33.3	103	0.6%	0.03	-	7.5	174.9	-	0.7	0.4	3,172
Umeme Ltd.	Power	Dec	8.30	5.50	7.08	5.0	93	0.6%	2.74	1.73	17.6	2.6	24.5	0.4	15.6	1,219
Bamburi Cement	Cement	Dec	39.00	29.90	31.45	-17.2	93	0.6%	2.15	3.58	0.1	14.6	11.4	383.0	2,618.6	5,667
Kakuzi	Agric	Dec	441.25	367.50	420.00	9.1	67	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	693
Centum Investment	Finance	Mar	14.95	7.90	8.28	-41.3	45	0.3%	(2.01)	0.59	65.1	-	7.1	0.1	(3.1)	7,219
Crown Paints	Manufac.	Dec	44.00	30.50	38.00	24.6	44	0.3%	5.13	4.00	24.1	7.4	10.5	1.6	21.3	373
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	-19.1	42	0.3%	1.17	0.10	13.4	1.6	5.4	0.1	8.7	1,707
CIC Insurance	Insurance	Dec	2.29	1.72	1.96	-11.3	42	0.3%	0.30	-	3.0	6.5	-	0.6	9.9	2,283
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	22.00	17.6	41	0.2%	(1.48)	0.50	56.5	-	2.3	0.4	(2.6)	638
Carbacid	Gases	July	14.15	10.35	12.50	13.6	26	0.2%	2.22	0.70	13.5	5.6	5.6	0.9	16.4	11,602
Nation Media	Media	Dec	23.20	15.15	16.00	-13.3	25	0.2%	2.59	1.49	42.1	6.2	9.3	0.4	6.2	3,096
Liberty K. Holdings	Insurance	Dec	7.48	4.28	5.68	-18.9	25	0.2%	0.15	-	15.9	37.2	-	0.4	1.0	167
Kenya Power	Power	Jun	2.08	1.31	1.46	-16.6	23	0.1%	1.80	-	30.8	0.8	-	0.0	5.8	13,166
Unga Ltd	Food	Jun	36.25	27.00	32.00	15.7	20	0.1%	2.48	-	58.3	12.9	-	0.5	4.2	235
TPSEA Serena	Tourism	Dec	17.50	11.30	11.00	-27.9	16	0.1%	(3.47)	-	33.3	-	-	0.3	(10.4)	642
NSE	Finance	Dec	8.50	6.60	6.76	-15.5	14	0.1%	0.51	1.40	8.0	13.2	20.7	0.8	6.4	1,964
Car & Gen	Motors	Sept	76.00	30.00	40.70	19.9	13	0.1%	26.33	3.20	135.8	1.5	7.9	0.3	19.4	385
WPP Scangroup	Media	Dec	4.41	2.86	3.20	-22.7	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	589
Sanlam Kenya	Insurance	Dec	15.00	8.24	9.60	-16.9	11	0.1%	(3.77)	-	3.9	-	-	2.5	(97.1)	167
BOC Kenya	Gases	Dec	93.25	70.00	70.00	0.0	11	0.1%	4.78	6.70	84.3	14.7	9.6	0.8	5.7	629
Housing Finance	Banking	Dec	4.00	2.86	3.19	-18.2	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	965
Limuru Tea	Agric	Dec	510.00	300.00	420.00	31.3	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	1,598
Standard Newspapers	Media	Dec	16.15	9.10	10.30	-24.0	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	72
Longhorn	Publishing	Jun	4.4	2.74	3.03	-24.3	7	0.0%	0.62	-	2.8	4.9	-	1.1	22.2	905
EA Portland	Cement	Jun	8.80	6.06	7.38	10.8	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	37
TransCentury	Finance	Dec	1.47	0.79	0.84	-28.2	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	121
Safaricom	Telecom	Mar	40.00	23.10	24.95	-34.3	8,128	49.7%	1.74	1.39	3.5	14.4	5.6	7.2	49.9	1,094,071
											Average	15.2	6.7	6.7	53.1	2,322,145

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