

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	26.55	28.3%	BUY
Equity bank	70.69	47.20	49.8%	BUY
KCB bank	68.17	39.05	74.6%	BUY
Co-op bank	19.83	12.35	60.6%	BUY
ABSA bank	14.44	11.60	24.5%	BUY
StanChart bank	122.25	136.25	-10.3%	HOLD
NCBA bank	43.98	30.45	44.4%	BUY
I&M bank	32.61	16.95	92.4%	BUY
Stanbic bank	109.98	94.25	16.7%	BUY
DTB bank	130.90	50.00	161.8%	BUY
EABL	223.42	142.00	57.3%	BUY
Bamburi Cement	60.07	34.00	76.7%	BUY
BAT Kenya	549.38	440.00	24.9%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- Safaricom was the key detractor to NASI return during the week. On account of foreign selling, Safaricom hit a 2-months low. Similarly, on the back of foreign investors' sell-off, KCB bank traded close to a 2-months low. Driven by local selling, EABL came down to a 37-day low.

Debt market commentary and outlook

- Overall subscription rate reduced to 97.0% down from 153.0% last week, which had reached a 35-weeks high. Investors remained focused on the 91-day T-Bill - its yield sustained an upward trend for the sixteenth consecutive week. Activity on the 182-day T-Bill picked during the week, but the 364-day T-Bill remained subdued for the eighth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,747.8	-2.2%	-1.8%	4.2%	-6.1%	-15.2%	-8.1%
Kenya NASI Return	132.3	-6.6%	-9.6%	1.9%	-15.6%	-27.6%	-20.5%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	-1.9%	-16.5%	-23.0%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	-3.1%	-19.8%	-30.2%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	-0.6%	-2.5%	-2.3%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-6.6%	-10.1%	5.8%	-19.9%	-33.8%	-25.5%
Johannesburg Index	-4.8%	-7.7%	-9.5%	-23.9%	-12.9%	-18.2%
Nigeria Stock Exchange	-0.4%	-1.4%	-9.0%	0.4%	20.5%	12.9%
Ghana Stock Exchange	0.1%	-3.7%	-22.5%	-33.2%	-46.2%	-45.2%
Egyptian Stock Exchange	-2.3%	-1.5%	-1.4%	-24.0%	-25.8%	-31.8%
MSCI EFM ex SA Index	-1.5%	-4.3%	-4.7%	-17.9%	-24.0%	-23.9%

Other market statistics

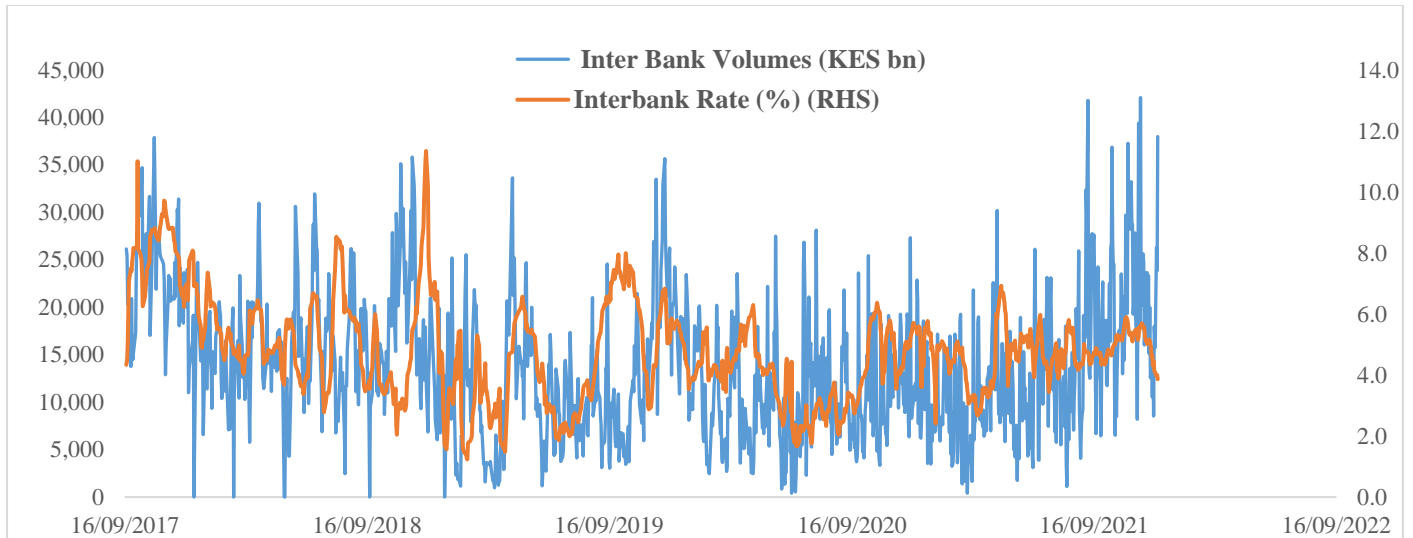
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	120.4	-0.1%	-0.6%	-2.5%	-5.0%	-8.6%	-6.1%
USD/ZAR	17.7	-1.9%	-3.7%	-9.9%	-15.1%	-17.2%	-9.7%
USD/EGP	19.4	-0.5%	-1.4%	-3.5%	-19.1%	-19.1%	-19.1%
USD/NGN	435.2	0.1%	-1.7%	-3.7%	-4.0%	-5.3%	-2.5%
USD/GHS	10.1	0.5%	-2.4%	-21.1%	-26.8%	-40.0%	-38.6%

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	1,389.5	-561.1	41.5%	-9.2%	-30.0%	-39.1%	14.9%
KCB bank	306.2	18.3	26.9%	-8.0%	-14.1%	-19.6%	11.6%
Equity bank	274.9	-38.1	53.9%	-2.9%	-10.5%	-11.8%	21.0%
NCBA bank	267.2	0.3	0.5%	-7.7%	20.8%	-8.3%	32.4%
ABSA New Gold ETF	202.3	0.0	100.0%	11.1%	-1.4%	-3.1%	11.0%

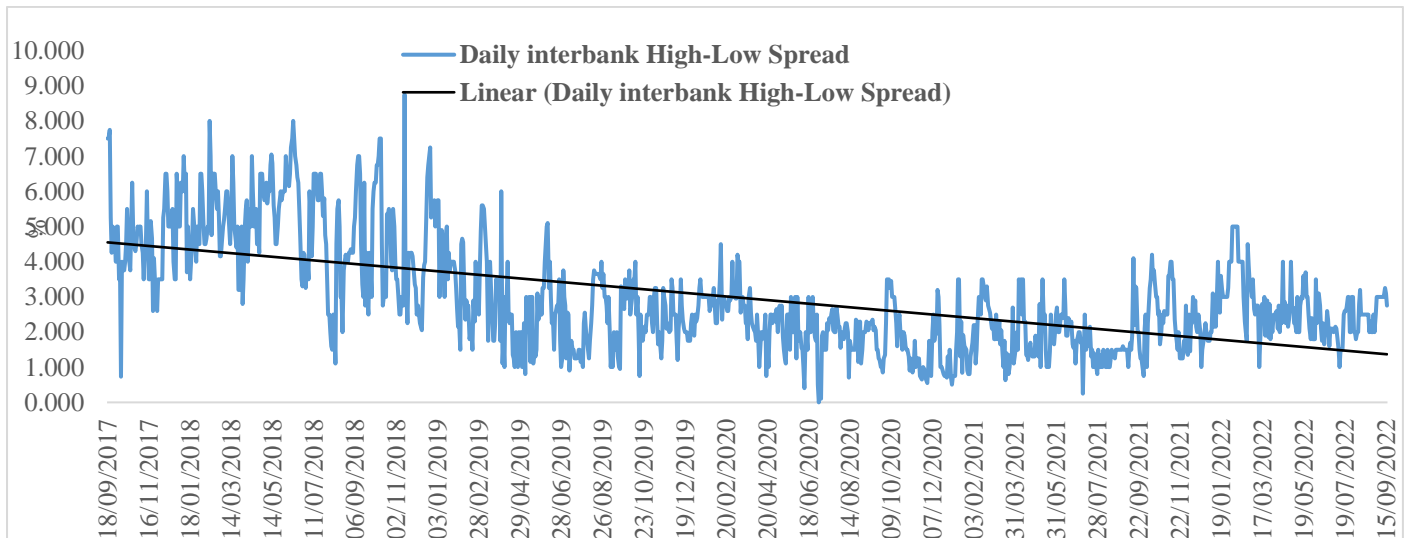
Key Rates and Spreads

Inter-bank rate drops to a 12-month low



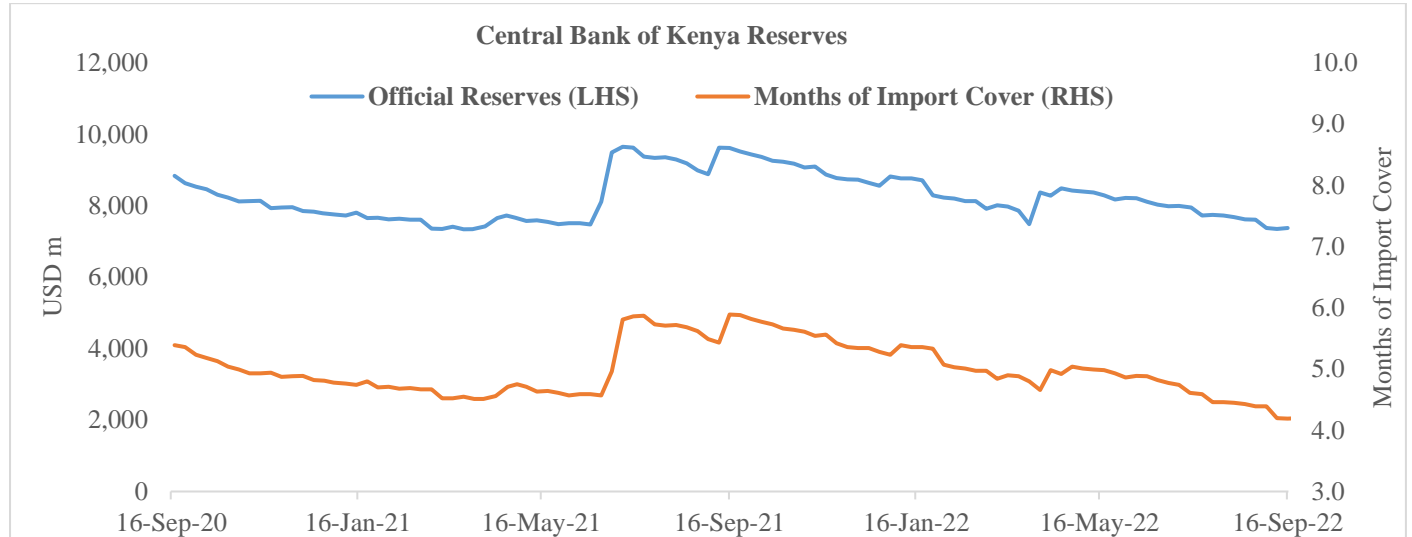
Source: CBK

Inter-bank spreads decrease week-on-week



Source: CBK

Forex reserves and import cover halt a 6-weeks declining streak



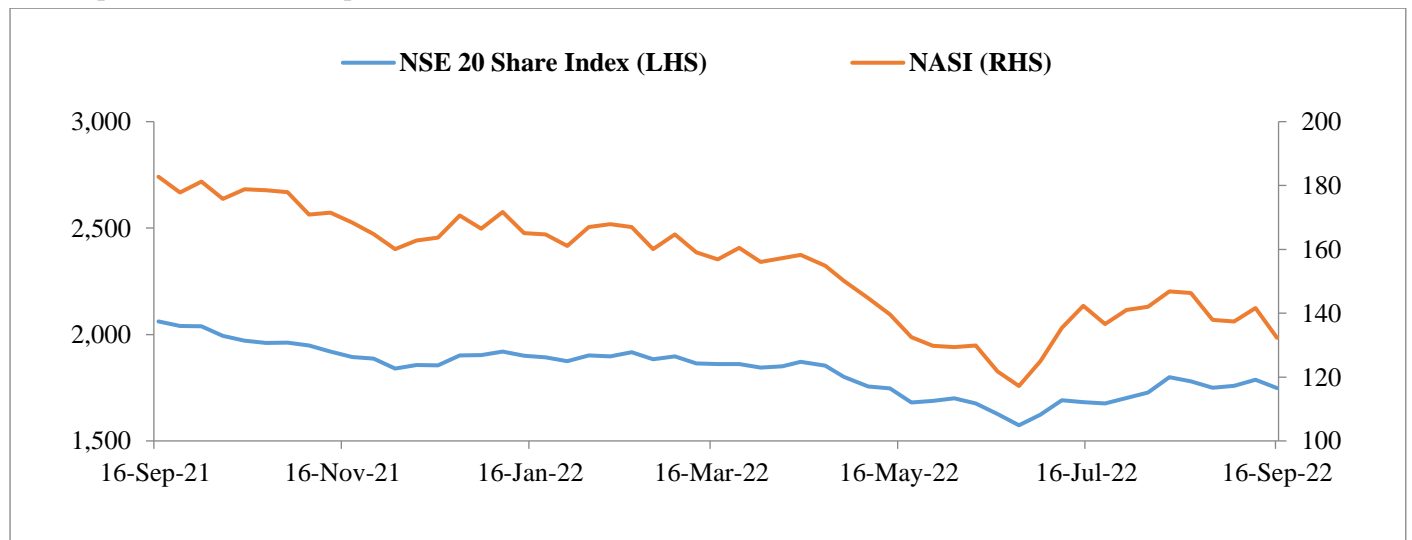
Source: CBK

Equity market trading commentary

Equity turnover bounced back by 59.5% w/w to stand at USD 21.4m (KES 2.6bn) – the highest levels in the last 11 weeks. However, large-cap declines saw the NASI dip 6.6% w/w to 132.34 – touched a 12- weeks low. Similarly, the NSE 20 (-2.2% w/w) erased last week gains, to settle at 1,747.84, after rising in the last two weeks. For the fourth successive week, foreign investors remained net sellers at USD 4.6m (KES 559.4m). Local investors continued to drive trading at the bourse, at 55.1% of total turnover, though a decline from last week’s 25-weeks high of 70.0%. Safaricom (USD 4.7m, KES 561.1m) and Equity bank (USD 0.3m, KES 38.1m) marked the highest net foreign outflows. On the other hand, Stanbic bank recorded the highest net foreign inflows at USD 0.3m (KES 32.7m).

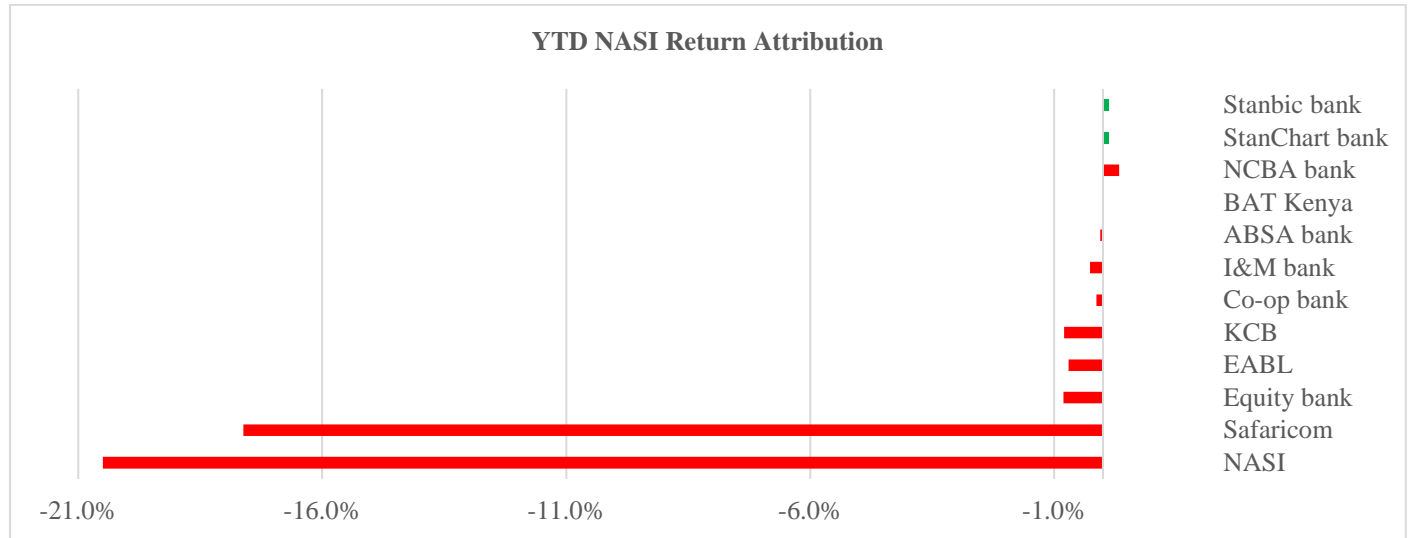
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Market performance over the past 12 months



Source: NSE

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



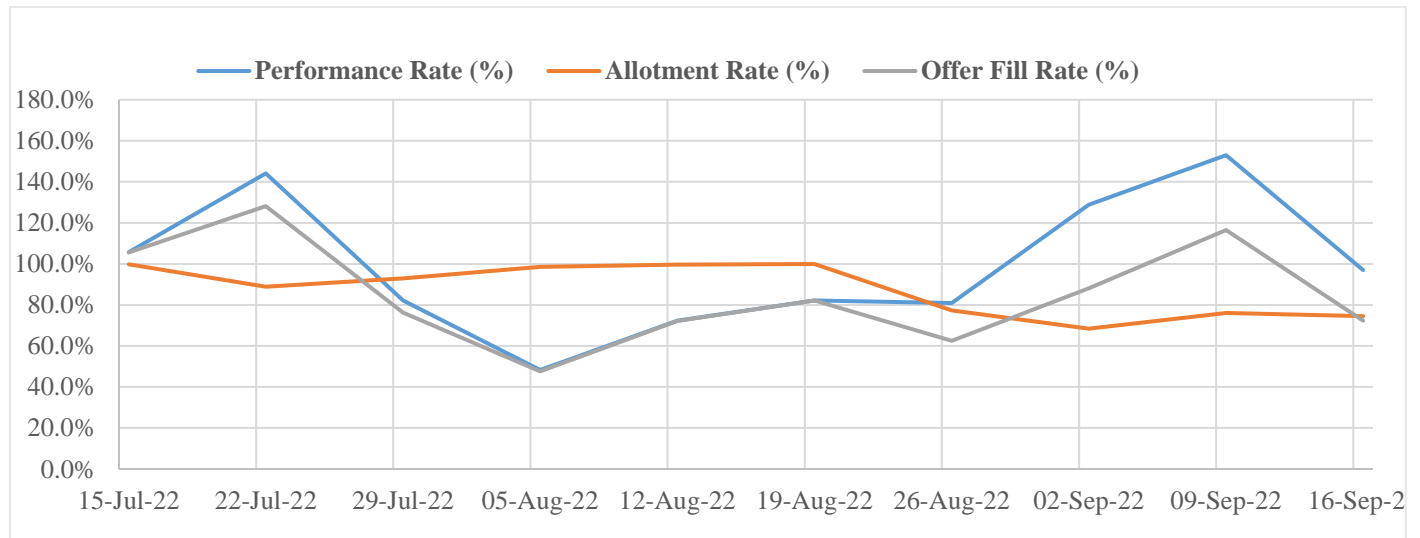
Source: Kestrel Research

Debt market trading commentary

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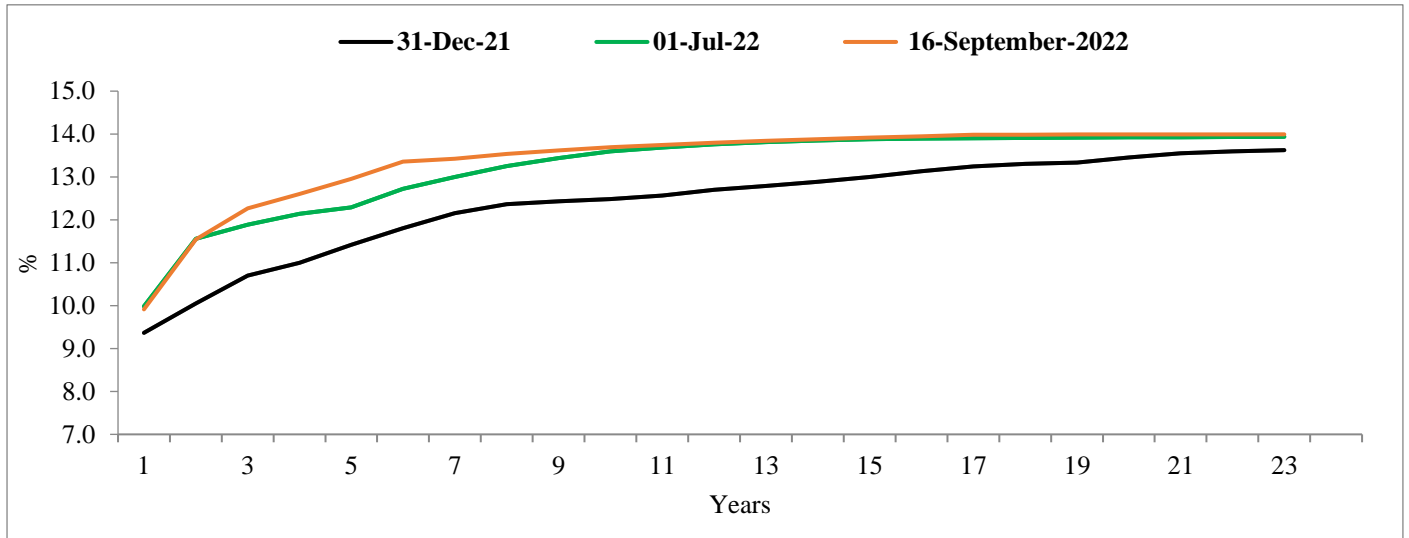
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 9.9bn for the 91-Day T-Bill, implying a subscription rate of 248.40%. It accepted bids worth KES 4.1bn at an average yield of 8.950% (+4.0bps w/w). The 182-Day T-Bill received bids worth KES 11.4bn, implying a performance rate of 113.92%. It accepted bids worth KES 11.4bn at an average yield of 9.615% (+1.6bps w/w). The 364-Day T-Bill received bids worth KES 2.0bn, implying a performance rate of 19.57%. It accepted bids worth KES 1.9bn at an average yield of 9.913% (-0.2bps w/w).

T-Bills Performance: Overall performance rate decline from a 35-weeks high the prior week



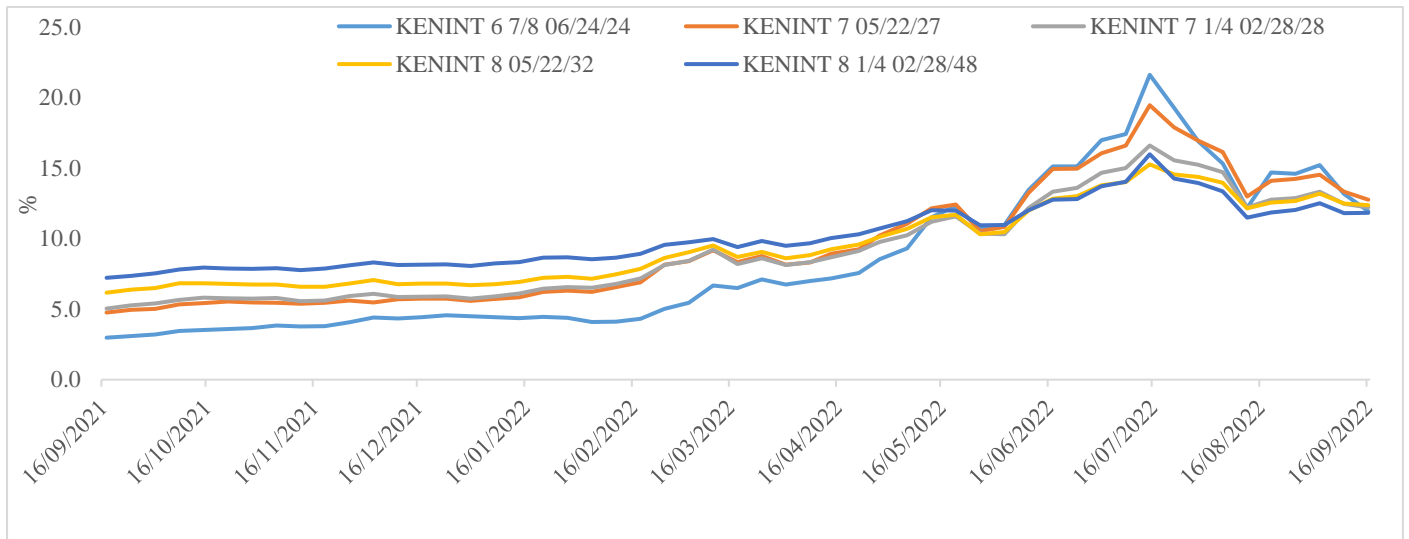
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors fall for the second straight 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	43.60	23.10	26.55	-30.0	8,834	51.3%	1.74	1.39	3.5	15.3	5.2	7.6	49.9	1,538,104	
Equity Bank	Banking	Dec	53.50	39.00	47.20	-10.5	1,479	8.6%	12.02	3.00	38.1	3.9	6.4	1.2	31.6	548,520	
KCB Bank	Banking	Dec	48.55	35.00	39.05	-14.1	1,042	6.1%	11.92	3.00	55.7	3.3	7.7	0.7	21.4	319,819	
EA Breweries	Breweries	Jun	176.00	110.00	142.00	-13.9	933	5.4%	15.00	11.00	20.5	9.5	7.7	6.9	73.2	218,838	
Co-op Bank	Banking	Dec	13.55	10.70	12.35	-4.6	602	3.5%	3.52	1.00	16.5	3.5	8.1	0.7	21.3	42,054	
Absa Bank	Banking	Dec	12.70	9.70	11.60	-2.1	523	3.0%	2.15	1.10	10.9	5.4	9.5	1.1	19.7	16,370	
StanChart Bank	Banking	Dec	146.25	123.75	136.25	6.2	428	2.5%	24.92	19.00	147.2	5.5	13.9	0.9	16.9	59,381	
NCBA Bank	Banking	Dec	33.20	23.00	30.45	20.8	417	2.4%	8.10	4.25	48.7	3.8	14.0	0.6	16.6	96,464	
BAT Kenya	Tobacco	Dec	509.00	404.00	440.00	-0.3	365	2.1%	67.10	55.00	129.1	6.6	12.5	3.4	52.0	33,792	
Stanbic Bank	Banking	Dec	108.00	86.00	94.25	8.0	309	1.8%	18.81	7.30	122.8	5.0	7.7	0.8	15.3	6,499	
I&M Holdings	Banking	Dec	23.00	16.50	16.95	-19.7	233	1.4%	5.38	1.50	42.6	3.1	8.8	0.4	12.6	28,813	
Bank of Kigali	Banking	Dec	32.55	24.30	27.90	-3.8	208	1.2%	7.95	3.28	41.8	3.5	11.8	0.7	19.0	1,672	
KenGen	Power	Jun	4.85	3.38	3.68	-12.2	202	1.2%	0.16	0.18	32.4	23.1	4.9	0.1	0.5	12,890	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	181	1.0%	(2.79)	-	(14.7)	-	-	-	-	-	
Jubilee Insurance	Insurance	Dec	368.75	240.25	245.25	-22.6	148	0.9%	94.22	14.00	544.4	2.6	5.7	0.5	17.3	6,281	
Britam	Insurance	Dec	8.32	5.44	6.48	-13.6	136	0.8%	0.03	-	7.5	226.7	-	0.9	0.4	3,630	
Total Oil	Oil	Dec	25.85	21.75	24.50	-2.0	128	0.7%	4.35	1.31	45.4	5.6	5.3	0.5	9.6	787	
DTB Bank	Banking	Dec	64.00	48.40	50.00	-16.0	116	0.7%	16.32	3.00	246.4	3.1	6.0	0.2	6.6	20,469	
Bamburi Cement	Cement	Dec	39.00	32.15	34.00	-10.5	102	0.6%	2.15	3.58	0.1	15.8	10.5	414.1	2,618.6	9,093	
Umeme Ltd.	Power	Dec	8.30	5.50	7.22	7.1	97	0.6%	2.74	1.73	17.6	2.6	24.0	0.4	15.6	2,724	
Kakuzi	Agric	Dec	441.25	367.50	390.00	1.3	63	0.4%	39.24	18.00	278.0	9.9	4.6	1.4	14.1	23,658	
Centum Investment	Finance	Mar	17.85	8.00	9.54	-32.3	53	0.3%	(2.01)	0.59	65.1	-	6.2	0.1	(3.1)	13,839	
Crown Paints	Manufac.	Dec	44.00	26.80	41.35	35.6	49	0.3%	5.13	4.00	24.1	8.1	9.7	1.7	21.3	1,203	
Kenya Re	Insurance	Dec	2.53	1.94	2.09	-9.1	49	0.3%	1.17	0.10	13.4	1.8	4.8	0.2	8.7	1,830	
CIC Insurance	Insurance	Dec	2.99	1.87	2.10	-5.0	46	0.3%	0.30	-	3.0	7.0	-	0.7	9.9	2,124	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	22.10	18.2	42	0.2%	(1.48)	0.50	56.5	-	2.3	0.4	(2.6)	178	
Kenya Power	Power	Jun	2.08	1.31	1.97	12.6	32	0.2%	2.65	-	29.3	0.7	-	0.1	9.0	16,639	
Liberty K. Holdings	Insurance	Dec	8.30	5.02	7.00	0.0	31	0.2%	0.15	-	15.9	45.8	-	0.4	1.0	64	
Nation Media	Media	Dec	25.20	16.20	18.00	-2.4	28	0.2%	2.59	1.49	42.1	6.9	8.3	0.4	6.2	5,115	
Carbacid	Gases	July	13.25	10.35	11.80	7.3	25	0.1%	2.22	0.70	13.5	5.3	5.9	0.9	16.4	1,987	
TPSEA Serena	Tourism	Dec	17.50	11.50	16.40	7.5	25	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	643	
Unga Ltd	Food	Jun	36.25	27.00	30.00	8.5	19	0.1%	2.89	-	56.2	10.4	-	0.5	5.1	339	
NSE	Finance	Dec	9.88	6.60	7.54	-5.8	16	0.1%	0.51	1.40	8.0	14.8	18.6	0.9	6.4	1,584	
Car & Gen	Motors	Sept	76.00	30.00	45.50	34.0	15	0.1%	26.33	3.20	135.8	1.7	7.0	0.3	19.4	259	
Sanlam Kenya	Insurance	Dec	15.00	9.70	11.50	-0.4	14	0.1%	(3.77)	-	3.9	-	-	3.0	(97.1)	64	
BOC Kenya	Gases	Dec	93.25	64.50	78.00	11.4	13	0.1%	4.78	6.70	84.3	16.3	8.6	0.9	5.7	467	
WPP Scangroup	Media	Dec	5.58	2.86	3.50	-15.5	13	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	670	
Housing Finance	Banking	Dec	4.90	2.86	3.49	-10.5	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,546	
Longhorn	Publishing	Jun	4.4	2.74	4.00	0.0	9	0.1%	0.62	-	2.8	6.5	-	1.4	22.2	1,176	
Limuru Tea	Agric	Dec	510.00	297.00	441.00	37.8	9	0.1%	(0.50)	0.70	75.9	-	0.2	5.8	(0.7)	306	
Standard Newspapers	Media	Dec	17.45	11.55	12.00	-11.4	8	0.0%	(0.90)	-	10.5	-	-	1.1	(8.5)	88	
EA Portland	Cement	Jun	8.80	6.06	6.78	1.8	5	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	42	
TransCentury	Finance	Dec	1.47	1.00	1.24	6.0	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	84	
												Average	12.4	6.6	7.2	53.5	3,058,138

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