

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.95	24.30	39.7%	BUY
Equity bank	60.84	39.85	52.7%	BUY
KCB bank	59.61	37.90	57.3%	BUY
Co-op bank	16.15	11.00	46.8%	BUY
ABSA bank	12.47	10.80	15.5%	BUY
StanChart bank	134.08	123.75	8.3%	HOLD
NCBA bank	33.44	24.45	36.8%	BUY
I&M bank	21.43	16.70	28.3%	BUY
Stanbic bank	94.83	100.25	-5.4%	HOLD
DTB bank	106.48	52.00	104.8%	BUY
EABL	256.11	124.50	105.7%	BUY
Bamburi Cement	89.84	33.55	167.8%	BUY
BAT Kenya	521.50	428.75	21.6%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- Last week, the NASI tumbled 6.2% w/w – closing at a 5-year low of 121.81 amid global equities sell-off driven by rising interest rates in developed markets. Safaricom (-9.0% w/w) sustained losses throughout the week, hitting a 3-year low of KES 24.30. Equity bank (-7.6% w/w) traded down to a 1-year low and KCB bank (-2.8% w/w) touched a 15-day low. Foreign investors remained net sellers on EABL (-6.4% w/w) which recorded its fourth weekly loss. BAT Kenya gained a margin of 0.9%, touching a 23-day high – although on slim volumes.

Debt market commentary and outlook

- Overall subscription rates rose to 80.8%, up from 61.3% printed in the previous week. Yields across T-Bill maturities sustained an upward trend. The yield on the 91-Day T-Bill edged higher for the third straight week – climbing to a 4-year high.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,626.8	-3.0%	-3.2%	-14.3%	-12.3%	-14.4%	-14.5%
Kenya NASI Return	121.8	-6.2%	-8.1%	-26.0%	-25.6%	-29.3%	-26.8%
FTSE NSE Kenya 15 Return	165.5	-4.6%	-4.3%	-20.4%	-17.5%	-18.2%	-21.0%
FTSE NSE Kenya 25 Return	165.2	-6.0%	-7.0%	-25.4%	-24.3%	-27.5%	-25.1%
FTSE Kenya Bond Index Return	95.3	-0.5%	0.5%	-1.7%	-1.0%	-1.5%	-0.8%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-6.4%	-8.7%	-25.7%	-28.5%	-35.1%	-29.6%
Johannesburg Index	-4.4%	-1.4%	-18.2%	-7.4%	-10.3%	-9.6%
Nigeria Stock Exchange	-1.4%	-1.8%	10.6%	22.2%	32.8%	24.1%
Ghana Stock Exchange	-0.7%	-3.7%	-12.3%	-27.9%	-29.8%	-29.4%
Egyptian Stock Exchange	-3.8%	-8.8%	-17.6%	-29.0%	-16.4%	-30.8%
MSCI EFM ex SA Index	-4.2%	-6.8%	-12.1%	-19.0%	-17.4%	-20.1%

Other market statistics

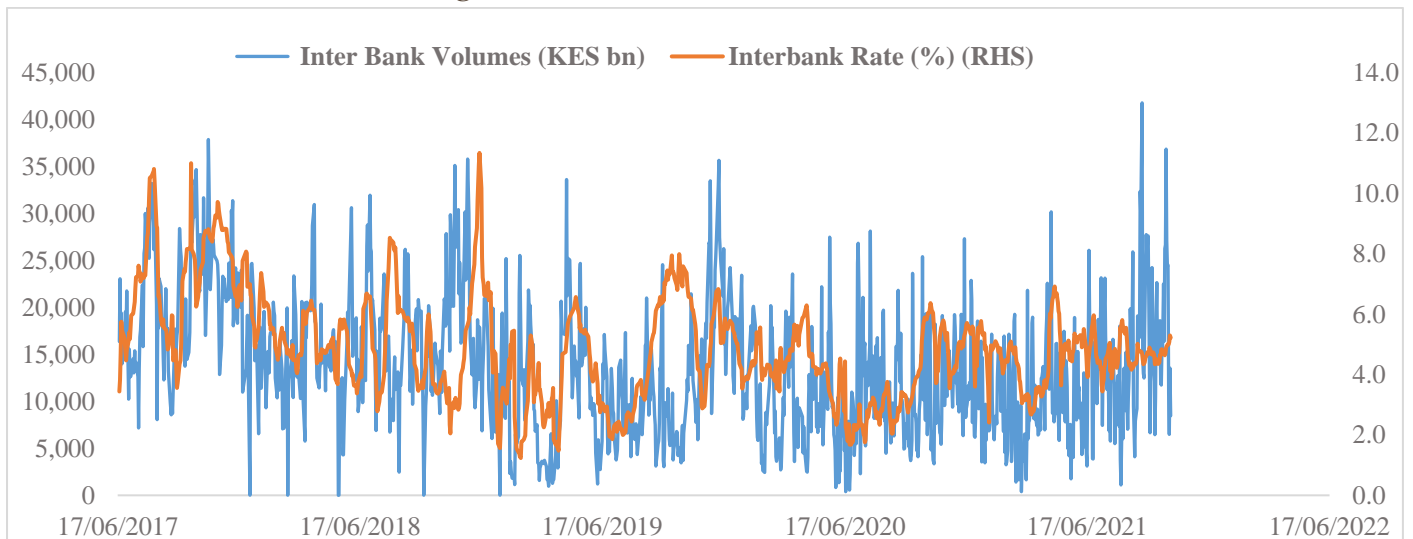
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	117.38	-0.2%	-0.8%	-2.2%	-3.7%	-8.2%	-3.6%
USD/ZAR	15.90	-1.8%	-0.4%	-8.3%	-0.5%	-10.8%	0.3%
USD/EGP	18.74	-0.2%	-2.5%	-2.2%	-16.0%	-16.2%	-16.1%
USD/NGN	418.92	0.2%	-0.7%	-0.8%	-1.1%	-2.0%	1.3%
USD/GHS	7.95	-0.4%	-2.9%	-5.5%	-22.3%	-27.0%	-22.2%

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	1,626.3	-1,286.8	47.8%	-9.0%	-36.0%	-45.9%	0.0%
EABL	166.3	-13.2	70.5%	-6.4%	-24.5%	-34.5%	0.0%
KCB bank	135.0	-41.7	33.7%	-2.8%	-16.6%	-24.0%	8.3%
Equity bank	92.1	-51.3	61.0%	-7.6%	-24.5%	-26.0%	0.0%
StanChart bank	17.2	0.0	0.0%	-3.5%	-3.5%	-15.4%	0.0%

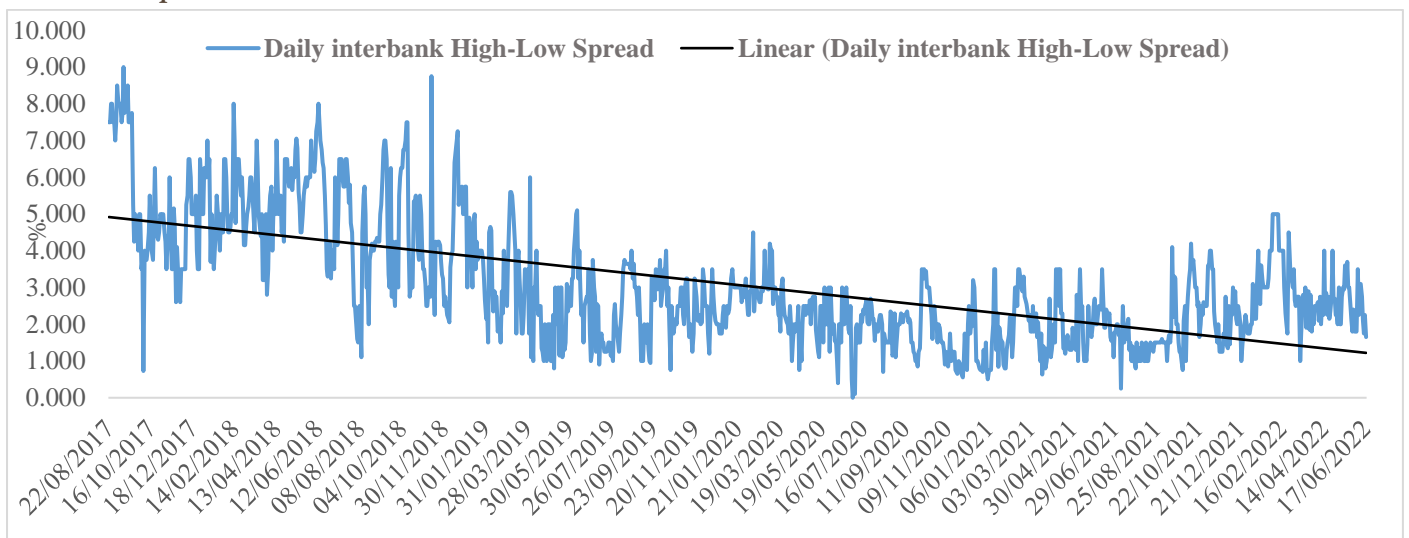
Key Rates and Spreads

Inter-bank rate rises to a 3-month high



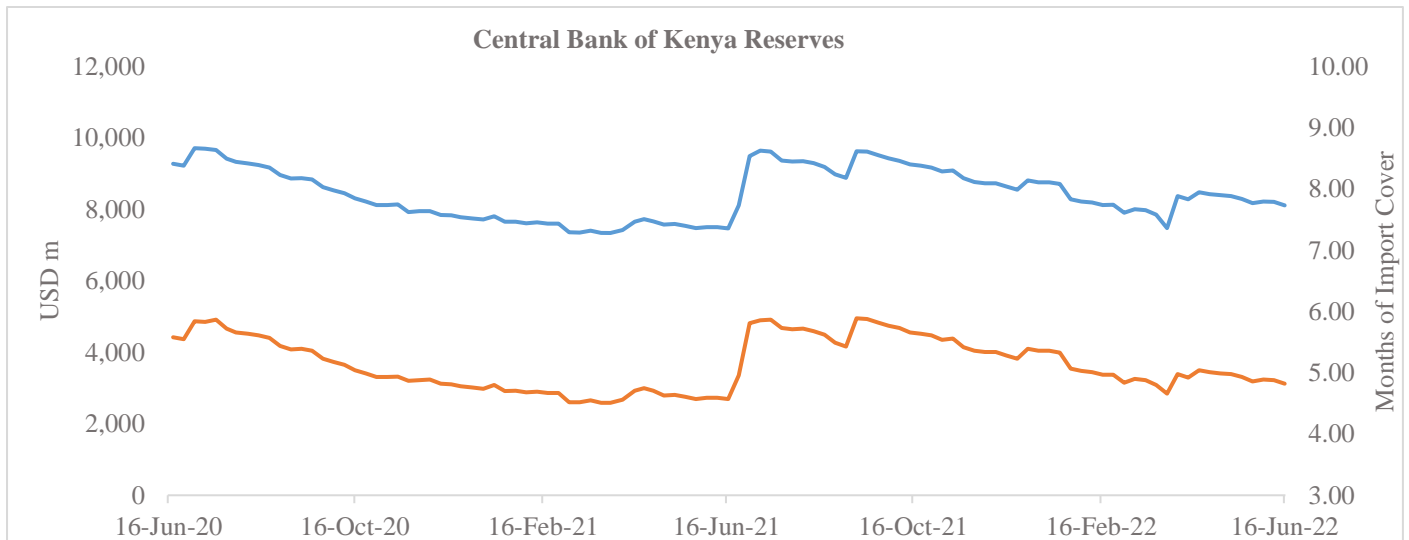
Source: CBK

Inter-bank spread narrows week-on-week



Source: CBK

Forex reserves and import cover declines for the second week in a row



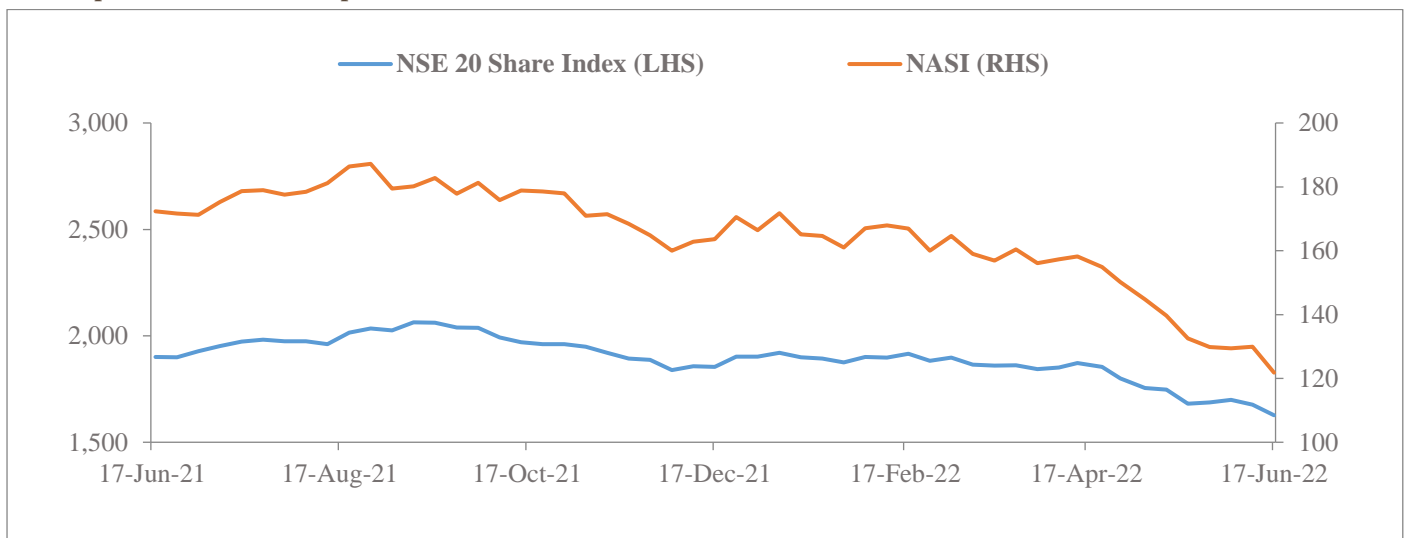
Source: CBK

Equity market trading commentary

Weekly turnover rose 2.8% w/w to stand at USD 18.1m (KES 2.1bn). The NASI tumbled 6.2% w/w – closing at a 5-year low of 121.81 amid global equities sell-off driven by rising interest rates in developed markets. Similarly, the NSE 20 (-3.0% w/w) stretched its losses for the second straight week to settle at 1,626.81. Local investors were active in the market, accounting for 52.1% of the week’s turnover, up from 46.9% in the previous week. Net foreign outflows peaked to a 6-month weekly high of USD 11.9m (KES 1.4bn) as foreign investors’ sell-off on large-cap stocks sustained throughout the week. Safaricom accounted for the 91.9% of the week’s net foreign outflows at USD 10.9m (KES 1.3bn). Equity bank and KCB bank followed with net foreign outflows of USD 0.4m (KES 51.3m and KES 41.7m, respectively). EABL recorded net foreign outflows of USD 0.1m (KES 13.2m).

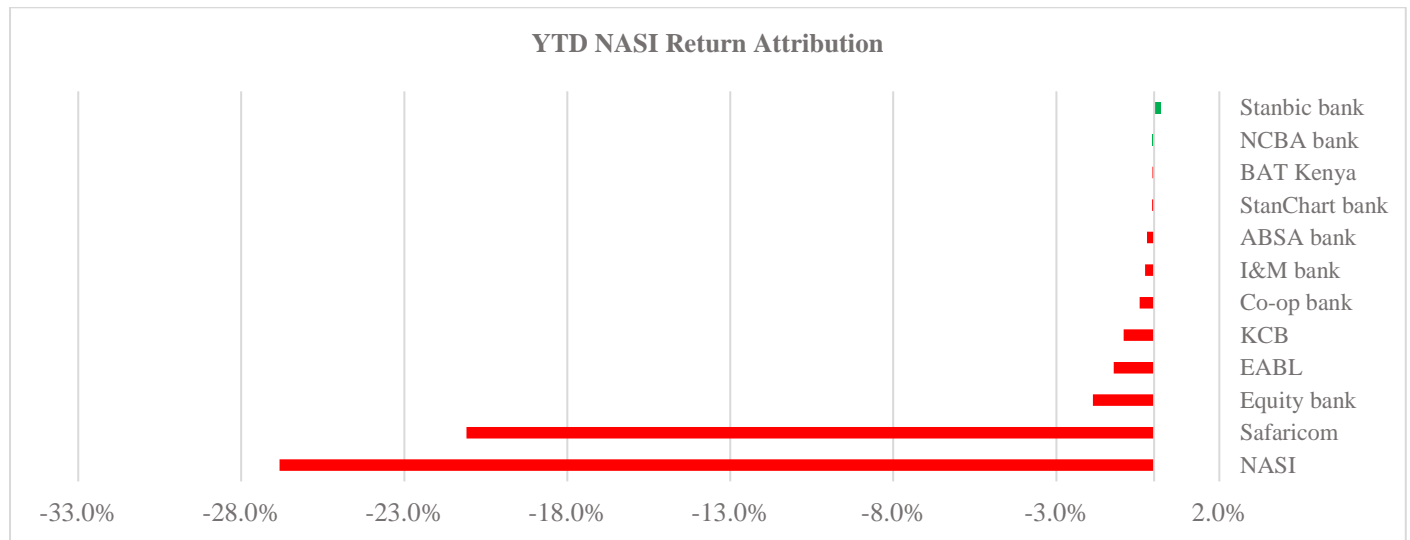
Last week, Safaricom (-9.0% w/w) sustained losses throughout the week, hitting a 3-year low of KES 24.30. Equity bank (-7.6% w/w) traded down to a 1-year low and KCB bank (-2.8% w/w) touched a 15-day low. Foreign investors remained net sellers on EABL (-6.4% w/w) which recorded its fourth weekly loss. BAT Kenya gained a margin of 0.9%, touching a 23-day high – although on slim volumes. Driven by local demand, Co-op bank inched up 0.9% w/w and DTB bank (+4.0% w/w) hit a 21-day high. On the other hand, ABSA bank edged down 6.1% w/w, on account of local selling. Nation Media Group (-6.3% w/w) traded ex-dividend. However, at the close of KES 20.00, the stock was still up 4.7% above its theoretical ex-dividend price.

Market performance over the past 12 months



Source: NSE

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



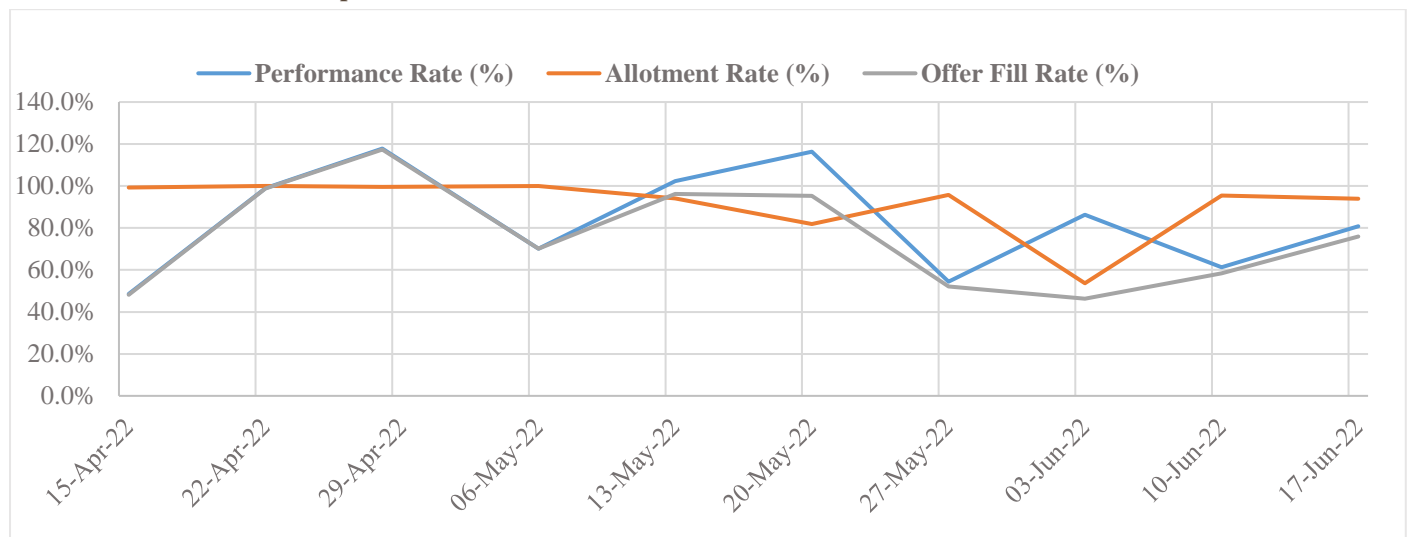
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates rose to 80.8%, up from 61.3% printed in the previous week. Yields across T-Bill maturities sustained an upward trend. The yield on the 91-Day T-Bill edged higher for the third straight week – climbing to a 4-year high.

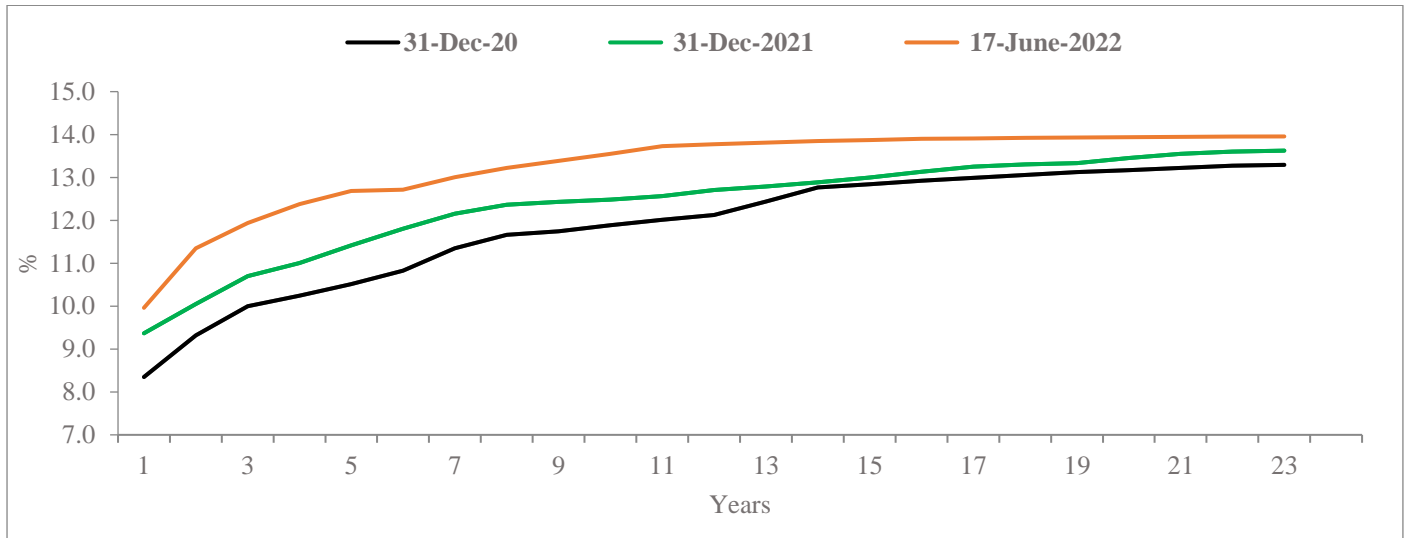
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 3.1bn for the 91-Day T-Bill, implying a subscription rate of 76.8%. It accepted bids worth KES 3.0bn at an average yield of 7.925% (+5.9bps w/w). The 182-Day T-Bill received bids worth KES 7.3bn, implying a performance rate of 73.2%. It accepted bids worth KES 7.3bn at an average yield of 9.096% (+5.9bps w/w). The 364-Day T-Bill received bids worth KES 9.0bn, implying a performance rate of 90.0%. It accepted bids worth KES 7.9bn at an average yield of 9.961% (+0.9bps w/w).

T-Bills Performance: Overall performance rate rises week-on-week



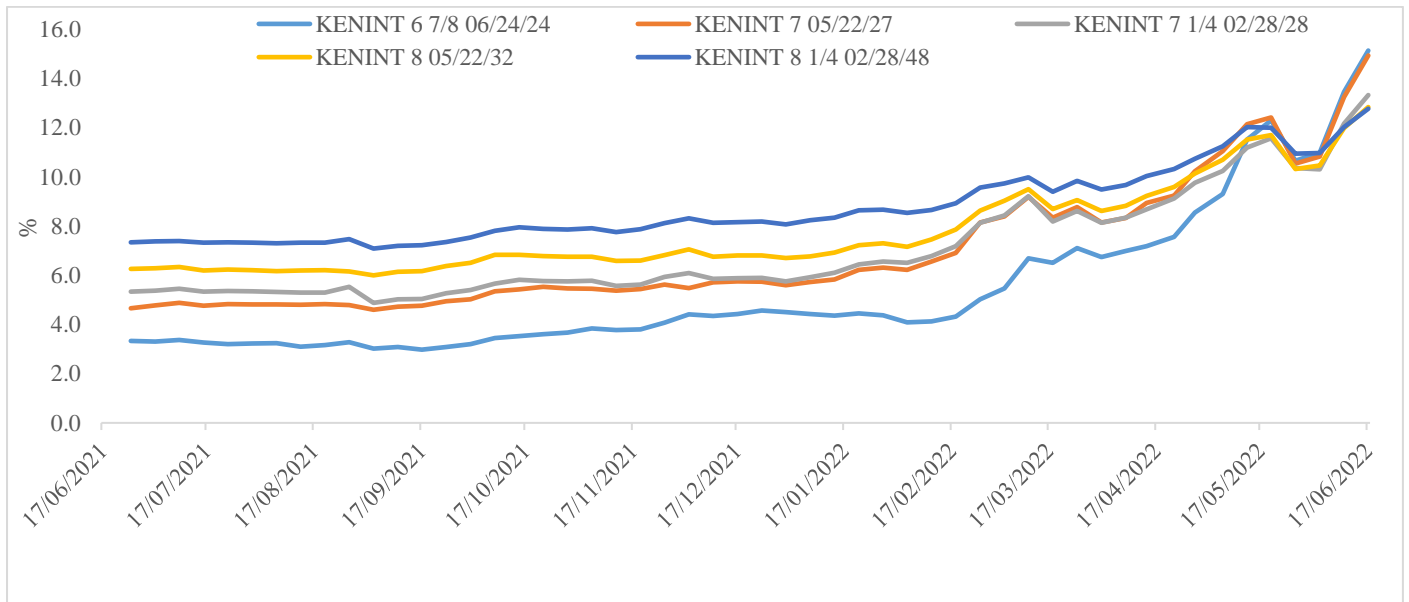
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields on the short-tenor bonds (2024 and 2027) sustain an upward trend



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
		end	High	Low		%						ratio x	yld %	ratio x		vol (USD)
Safaricom	Telecom	Mar	44.95	24.30	24.30	-36.0	8,298	51.0%	1.74	1.39	3.5	14.0	5.7	7.0	49.9	1,996,019
Equity Bank	Banking	Dec	54.25	39.85	39.85	-24.5	1,282	7.9%	11.15	3.00	44.3	3.6	7.5	0.9	25.2	493,898
KCB Bank	Banking	Dec	49.90	35.00	37.90	-16.6	1,038	6.4%	11.67	3.00	56.6	3.2	7.9	0.7	20.6	272,558
EA Breweries	Breweries	Jun	190.00	124.50	124.50	-24.5	839	5.2%	11.25	3.75	17.5	11.1	3.0	7.1	64.3	300,955
Co-op Bank	Banking	Dec	13.95	10.80	11.00	-15.1	550	3.4%	3.23	1.00	17.5	3.4	9.1	0.6	18.4	22,503
Absa Bank	Banking	Dec	12.70	9.40	10.80	-8.9	500	3.1%	2.15	1.10	10.9	5.0	10.2	1.0	19.7	43,047
StanChart Bank	Banking	Dec	146.25	123.75	123.75	-3.5	399	2.5%	24.92	19.00	147.2	5.0	15.4	0.8	16.9	115,349
BAT Kenya	Tobacco	Dec	509.00	404.00	428.75	-2.9	365	2.2%	64.83	50.00	149.7	6.6	11.7	2.9	43.3	28,224
NCBA Bank	Banking	Dec	28.15	23.00	24.45	-3.0	343	2.1%	6.56	3.00	48.7	3.7	12.3	0.5	13.4	65,927
Stanbic Bank	Banking	Dec	108.00	80.00	100.25	14.9	338	2.1%	18.81	7.30	122.8	5.3	7.3	0.8	15.3	220,216
I&M Holdings	Banking	Dec	23.25	16.55	16.70	-20.9	235	1.4%	5.38	1.50	42.6	3.1	9.0	0.4	12.6	15,561
Bank of Kigali	Banking	Dec	40.00	24.30	30.00	3.4	229	1.4%	7.95	3.28	41.8	3.8	10.9	0.7	19.0	8,244
KenGen	Power	Jun	4.98	3.40	3.45	-17.7	194	1.2%	0.16	0.18	32.4	21.7	5.2	0.1	0.5	9,443
Kenya Airways	Airlines	Dec	3.99	3.83	3.83	0.0	185	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	390.00	248.50	265.00	-16.3	164	1.0%	94.22	14.00	544.4	2.8	5.3	0.5	17.3	4,847
Total Oil	Oil	Dec	26.20	21.75	23.75	-5.0	127	0.8%	4.35	1.31	45.4	5.5	5.5	0.5	9.6	1,217
DTB Bank	Banking	Dec	69.00	49.00	52.00	-12.6	124	0.8%	14.80	3.00	240.7	3.5	5.8	0.2	6.2	6,223
Britam	Insurance	Dec	8.38	5.56	5.58	-25.6	120	0.7%	0.03	-	7.5	195.2	-	0.7	0.4	3,478
Umeme Ltd.	Power	Dec	8.30	5.48	8.00	18.7	111	0.7%	2.74	1.73	17.6	2.9	21.7	0.5	15.6	11,993
Bamburi Cement	Cement	Dec	39.80	32.15	33.55	-11.7	104	0.6%	3.58	3.58	83.5	9.4	10.7	0.4	4.3	8,078
Kakuzi	Agric	Dec	427.00	327.75	424.00	10.1	71	0.4%	27.77	18.00	275.9	15.3	4.2	1.5	10.1	286
Centum Investment	Finance	Mar	17.85	9.02	9.30	-34.0	53	0.3%	(2.42)	0.33	69.7	-	3.5	0.1	(3.5)	11,007
Crown Paints	Manufac.	Dec	43.40	19.65	43.40	42.3	53	0.3%	5.13	4.00	24.1	8.5	9.2	1.8	21.3	4,238
Kenya Re	Insurance	Dec	2.68	2.01	2.03	-11.7	48	0.3%	1.06	0.10	13.2	1.9	4.9	0.2	8.0	4,052
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	45	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
CIC Insurance	Insurance	Dec	3.39	1.87	1.89	-14.5	42	0.3%	0.26	-	3.1	7.4	-	0.6	8.4	1,264
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	20.50	9.6	40	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	325
Nation Media	Media	Dec	26.10	17.70	20.00	8.4	32	0.2%	2.59	1.49	42.1	7.7	7.4	0.5	6.2	4,476
Carbacid	Gases	July	13.25	10.35	11.30	2.7	25	0.2%	2.22	0.70	13.5	5.1	6.2	0.8	16.4	2,001
Kenya Power	Power	Jun	2.02	1.30	1.46	-16.6	24	0.1%	2.65	-	29.3	0.6	-	0.0	9.0	8,438
Liberty K. Holdings	Insurance	Dec	9.98	5.02	5.14	-26.6	23	0.1%	0.15	-	15.9	33.7	-	0.3	1.0	99
TPSEA Serena	Tourism	Dec	16.95	11.50	13.00	-14.8	20	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	4,212
Unga Ltd	Food	Jun	36.25	26.10	29.50	6.7	19	0.1%	2.89	-	56.2	10.2	-	0.5	5.1	72
Sanlam Kenya	Insurance	Dec	15.00	9.70	13.00	12.6	16	0.1%	(3.77)	-	3.9	-	-	3.4	(97.1)	99
NSE	Finance	Dec	10.15	6.72	6.88	-14.0	15	0.1%	0.51	1.40	8.0	13.5	20.3	0.9	6.4	4,553
Car & Gen	Motors	Sept	76.00	25.45	42.00	23.7	14	0.1%	26.33	3.20	135.8	1.6	7.6	0.3	19.4	-
WPP Scangroup	Media	Dec	5.74	2.86	3.43	-17.1	13	0.1%	(0.09)	-	12.0	-	-	0.3	(0.7)	1,260
BOC Kenya	Gases	Dec	93.25	61.50	73.00	4.3	12	0.1%	4.78	6.70	84.3	15.3	9.2	0.9	5.7	-
Housing Finance	Banking	Dec	4.90	2.86	3.00	-23.1	10	0.1%	(1.45)	-	20.5	-	-	0.1	(7.1)	719
Standard Newspapers	Media	Dec	20.00	11.55	11.55	-14.8	8	0.0%	(0.90)	-	10.5	-	-	1.1	(8.5)	60
Limuru Tea	Agric	Dec	355.00	263.00	355.00	10.9	7	0.0%	(0.50)	0.70	75.9	-	0.2	4.7	(0.7)	192
Longhorn	Publishing	Jun	4.4	2.99	3.09	-22.8	7	0.0%	0.62	-	2.8	5.0	-	1.1	22.2	120
EA Portland	Cement	Jun	9.40	6.06	7.68	15.3	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	15
TransCentury	Finance	Dec	1.50	1.00	1.00	-14.5	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	56
											Average	11.3	6.7	4.3	36.2	3,682,597

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