

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	31.25	9.0%	HOLD
Equity bank	70.69	48.00	47.3%	BUY
KCB bank	68.17	43.25	57.6%	BUY
Co-op bank	19.83	12.60	57.4%	BUY
ABSA bank	14.44	12.35	16.9%	BUY
StanChart bank	122.25	138.25	-11.6%	HOLD
NCBA bank	43.98	25.80	70.5%	BUY
I&M bank	32.61	16.95	92.4%	BUY
Stanbic bank	109.98	99.00	11.1%	HOLD
DTB bank	130.90	50.25	160.5%	BUY
EABL	223.42	153.75	45.3%	BUY
Bamburi Cement	60.07	38.20	57.3%	BUY
BAT Kenya	549.38	440.50	24.7%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Equity bank touched a 9-day low largely on account of foreign investors' sell-off. Longhorn Publishers hit a 74-day high on the back of local demand. Driven by local selling, EABL marked a 14-day low. For the first time in the last twenty-seven weeks, foreign investors turned net buyers. Equity bank is expected to announce its half year results on Tuesday, 23rd August 2022.

Debt market commentary and outlook

- Overall subscription rate increased for the second successive week to 82.1%, up from 72.4% recorded the previous week, primarily driven by continued activity on the 91-day T-Bill, with its yield rising for the twelfth straight week. Activity picked up on the 182-day T-Bill while it remained subdued on the 364-day T-Bill for the fifth consecutive week. Eurobond yields halted a 4-week declining streak.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,779.2	-1.1%	6.1%	1.8%	-7.2%	-11.7%	-6.5%
Kenya NASI Return	146.3	-0.4%	7.1%	4.8%	-12.4%	-21.5%	-12.1%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	-4.4%	-19.4%	-23.0%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	-8.4%	-24.3%	-31.0%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	-0.1%	-1.9%	-1.9%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.6%	-26.0%	7.4%	-16.8%	-28.1%	-17.1%
Johannesburg Index	-6.0%	-11.1%	-3.3%	-19.3%	-4.5%	-11.3%
Nigeria Stock Exchange	-0.3%	-6.1%	-9.4%	2.1%	19.5%	14.5%
Ghana Stock Exchange	-5.8%	-14.0%	-22.5%	-37.3%	-43.7%	-43.1%
Egyptian Stock Exchange	1.1%	7.3%	-8.7%	-28.1%	-23.5%	-30.7%
MSCI EFM ex SA Index	-1.1%	0.8%	-7.2%	-20.6%	-20.9%	-20.5%

Other market statistics

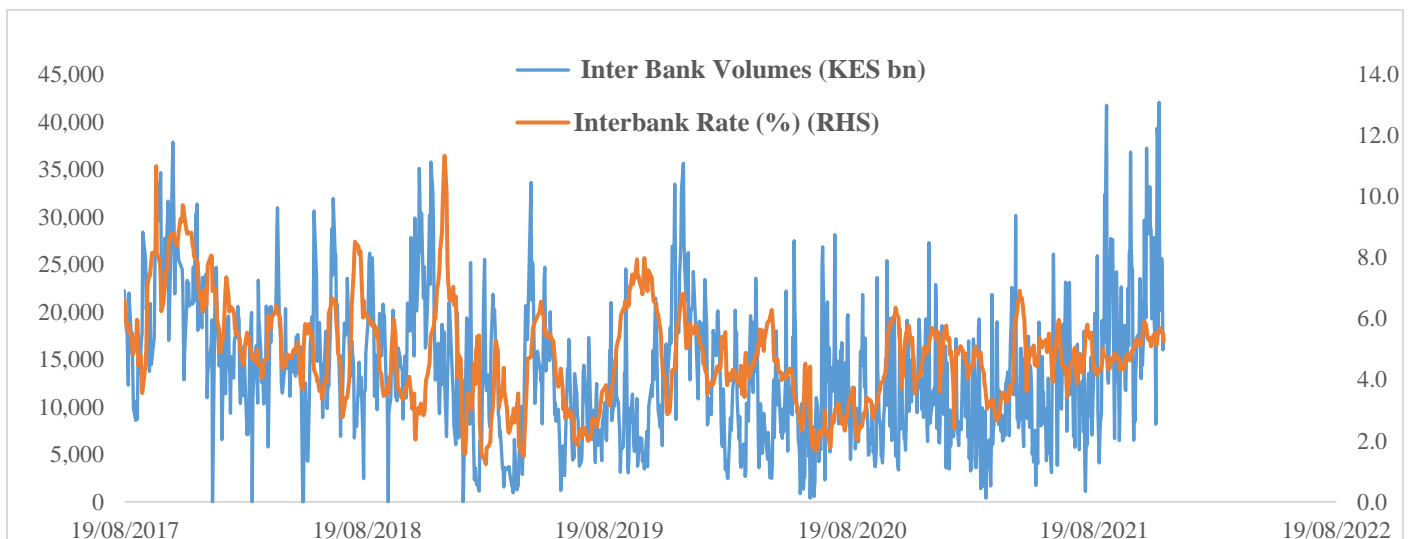
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	119.7	-0.3%	-0.8%	-2.7%	-5.0%	-8.5%	-5.5%
USD/ZAR	17.0	-4.4%	-1.0%	-6.8%	-11.6%	-10.0%	-6.2%
USD/EGP	19.2	0.0%	-1.2%	-4.6%	-17.9%	-18.0%	-17.9%
USD/NGN	427.9	0.0%	-1.1%	-2.8%	-2.3%	-3.9%	-0.8%
USD/GHS	9.8	-7.8%	-17.2%	-21.5%	-33.2%	-38.7%	-37.1%

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	722.7	25.4	61.9%	0.3%	-17.79%	-30.7%	34.8%
Equity bank	88.6	-17.8	10.8%	-5.0%	-9.0%	-6.9%	29.5%
EABL	86.9	24.5	21.3%	-2.2%	-6.8%	-13.7%	23.0%
KCB bank	40.4	7.5	21.3%	0.5%	-4.8%	-26.9%	3.0%
Co-op bank	22.3	0.0	0.0%	-1.6%	-2.7%	-12.6%	43.0%

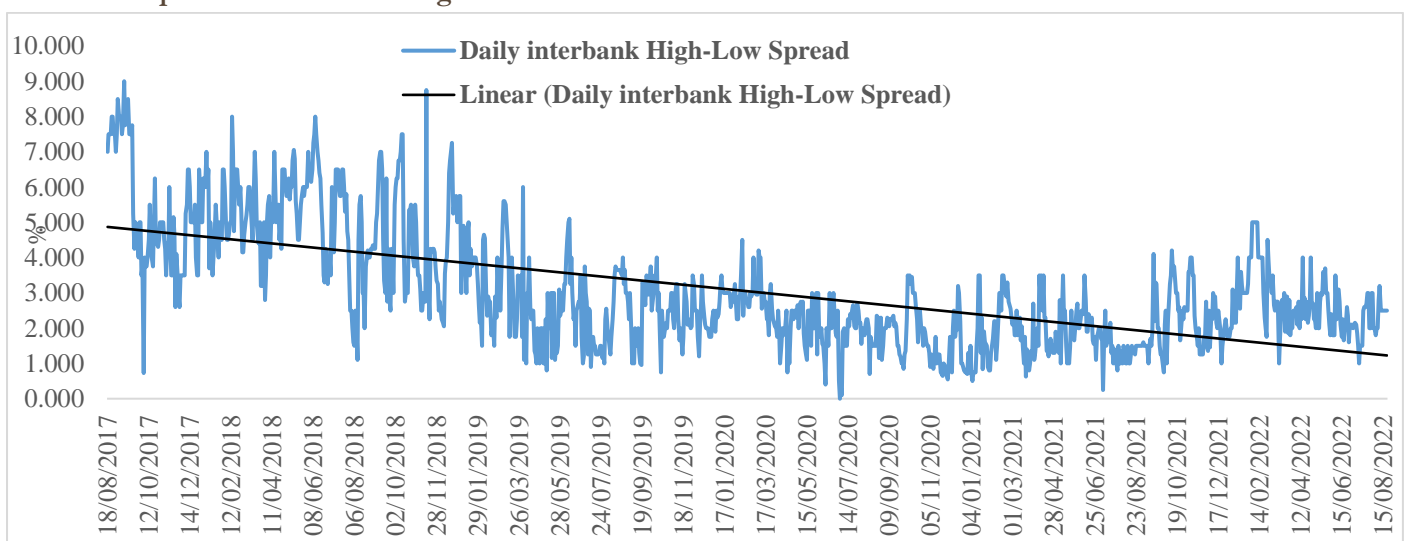
Key Rates and Spreads

Inter-bank rate declines week-on-week



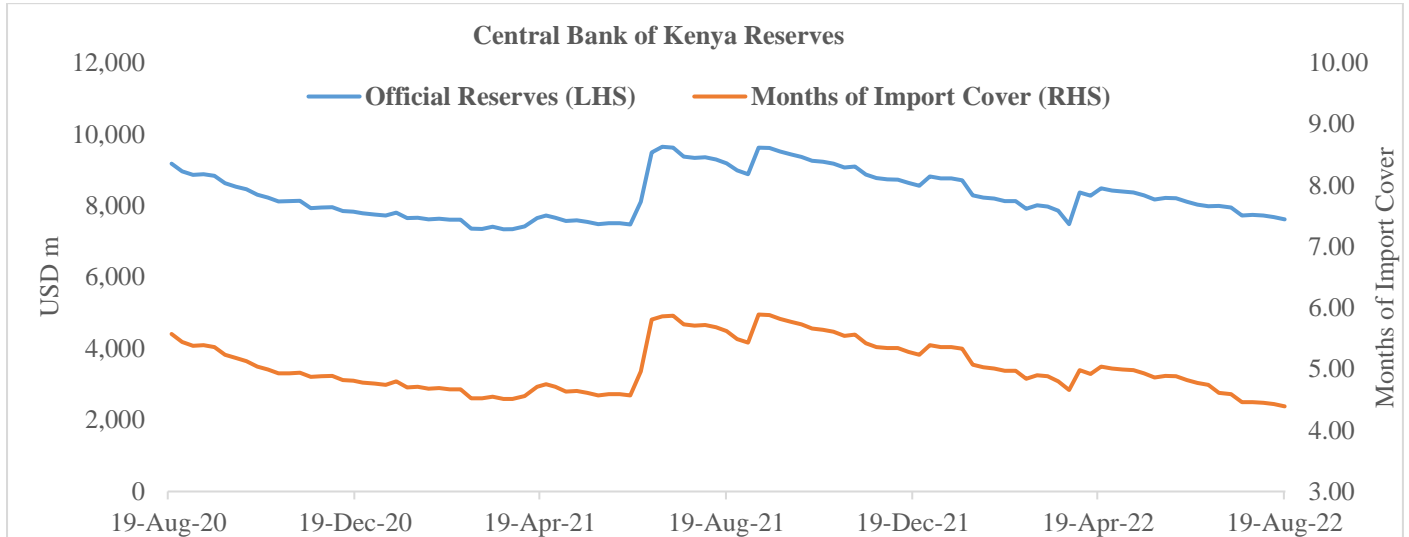
Source: CBK

Inter-bank spread remains unchanged week-on-week



Source: CBK

Forex reserves and import cover decrease for the third successive week



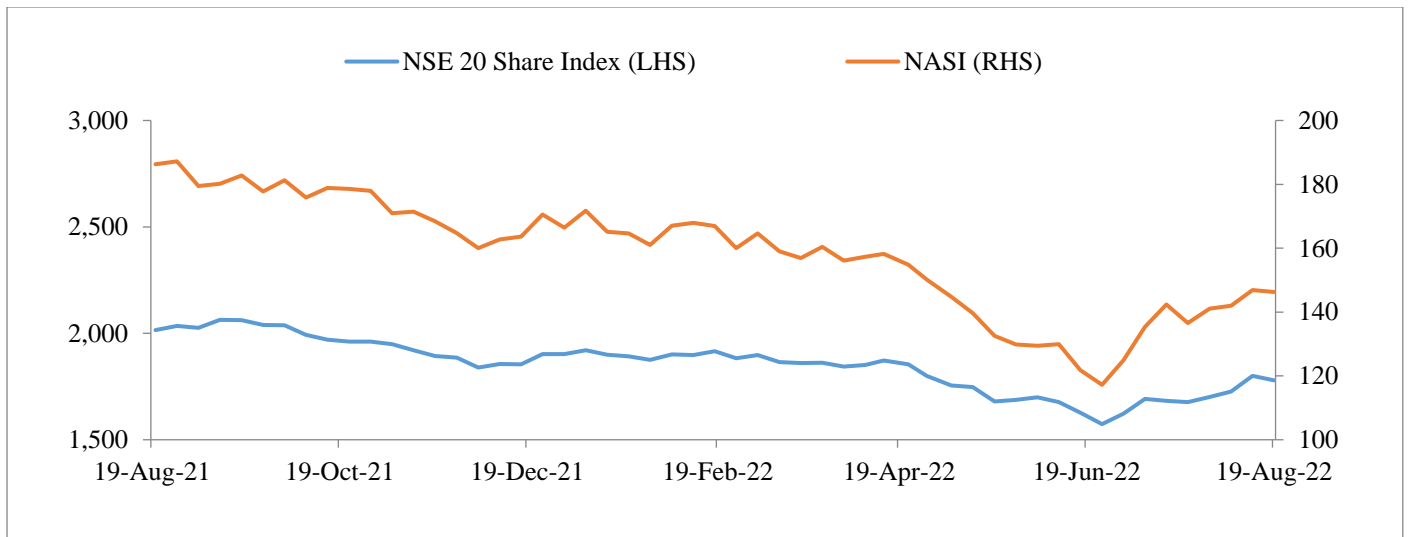
Source: CBK

Equity market trading commentary

Weekly turnover declined a modest 1.0% w/w to stand at USD 8.9m (KES 1.1bn). Breaking a 3-week gaining streak, the NASI inched down 0.4% w/w to 146.32 and the NSE 20 came off 1.1% w/w to 1,799.19. For the first time in the last twenty-seven weeks, foreign investors turned net buyers at USD 160.2k (KES 19.2m). Foreign trading was relatively unchanged at 47.1%. Safaricom dominated trading during the week and marked net foreign inflows of USD 212.7k (KES 25.4m). EABL also recorded net foreign flows of USD 205.1k (KES 24.5m). On the other hand, Equity bank marked the highest net foreign outflows of USD 148.7k (KES 17.8m).

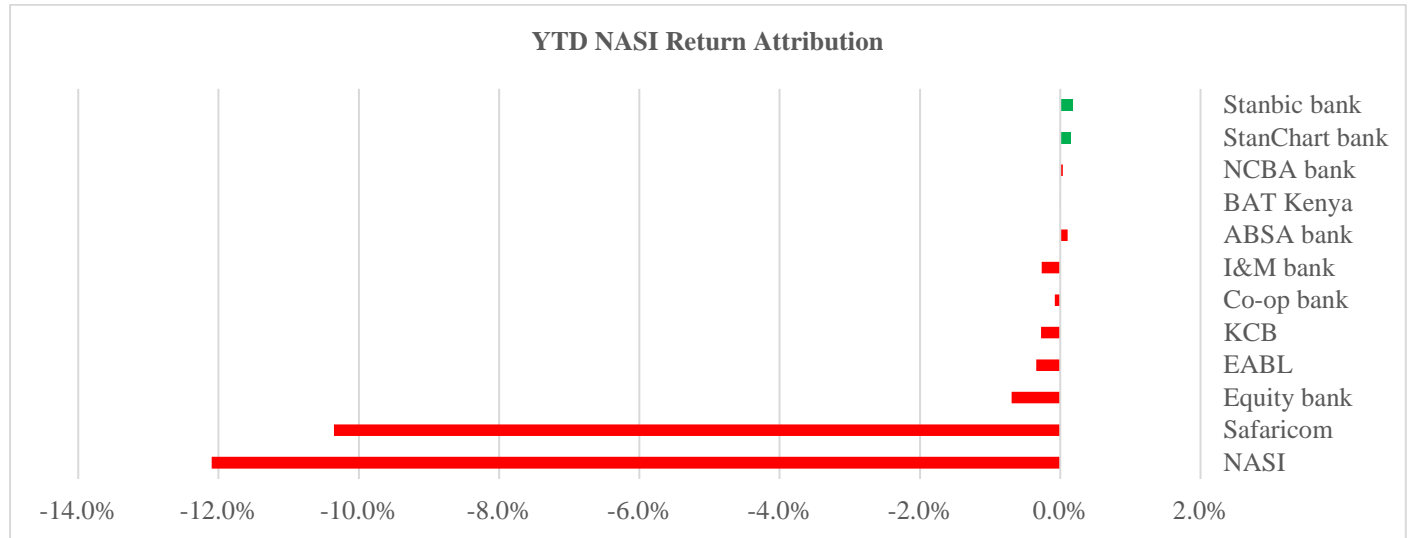
During the week, Equity bank touched a 9-day low largely on account of foreign investors’ sell-off. Longhorn Publishers hit a 74-day high on the back of local demand. Driven by local selling, EABL marked a 14-day low. Equity bank is expected to announce its half year results on Tuesday, 23rd August 2022.

Market performance over the past 12 months



Source: NSE

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



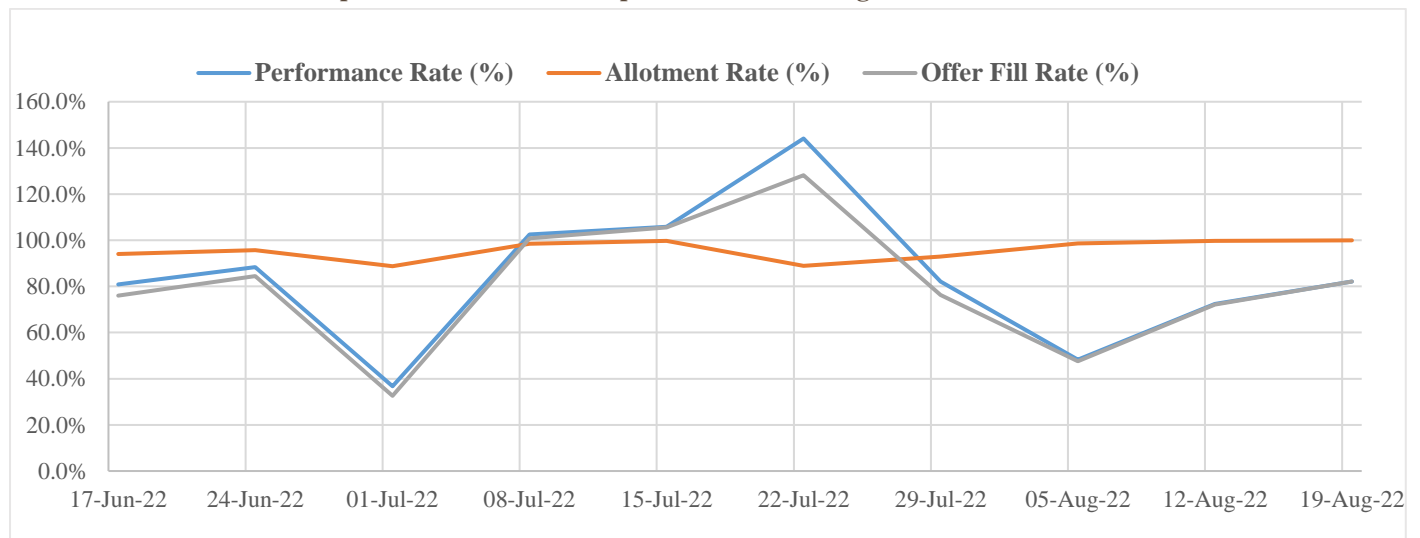
Source: Kestrel Research

Debt market trading commentary

Overall subscription rate increased for the second successive week to 82.1%, up from 72.4% recorded the previous week, primarily driven by continued activity on the 91-day T-Bill, with its yield rising for the twelfth straight week. Activity picked up on the 182-day T-Bill while it remained subdued on the 364-day T-Bill for the fifth consecutive week.

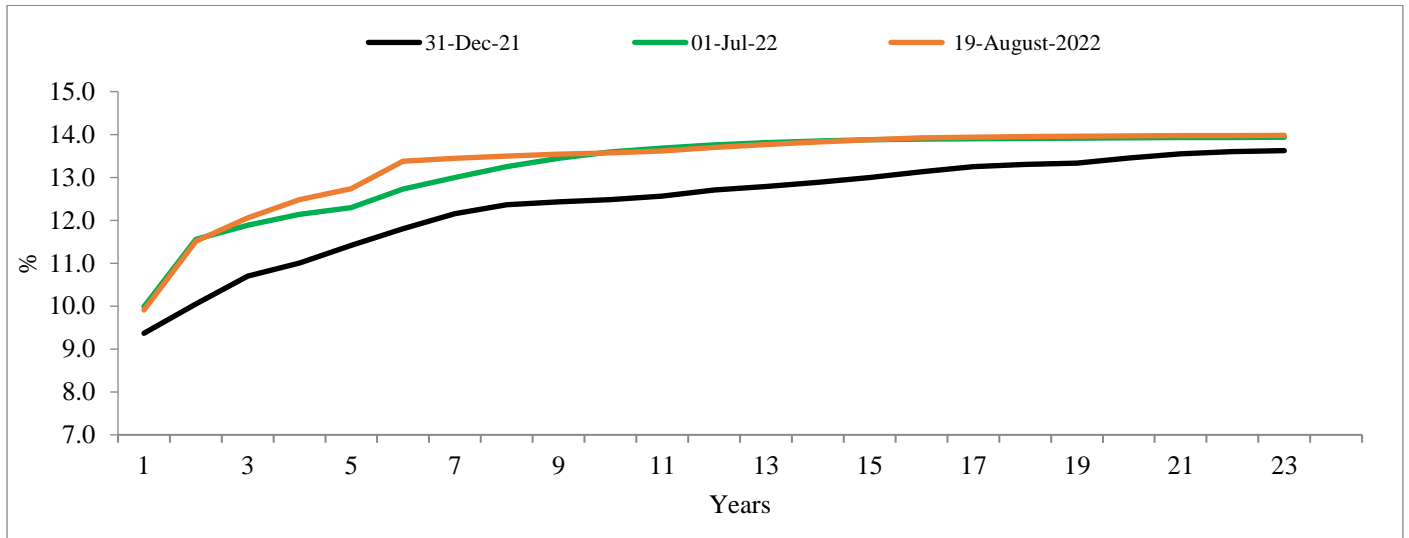
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 11.7bn for the 91-Day T-Bill, implying a subscription rate of 294.25%. It accepted bids worth KES 11.8bn at an average yield of 8.669% (+10.4bps w/w). The 182-Day T-Bill received bids worth KES 6.8bn, implying a performance rate of 68.01%. It accepted bids worth KES 6.8bn at an average yield of 9.492% (+5.9bps w/w). The 364-Day T-Bill received bids worth KES 1.1bn, implying a performance rate of 11.44%. It accepted bids worth KES 1.1bn at an average yield of 9.909% (-1.3bps w/w).

T-Bills Performance: Overall performance rate trend up for the second straight week



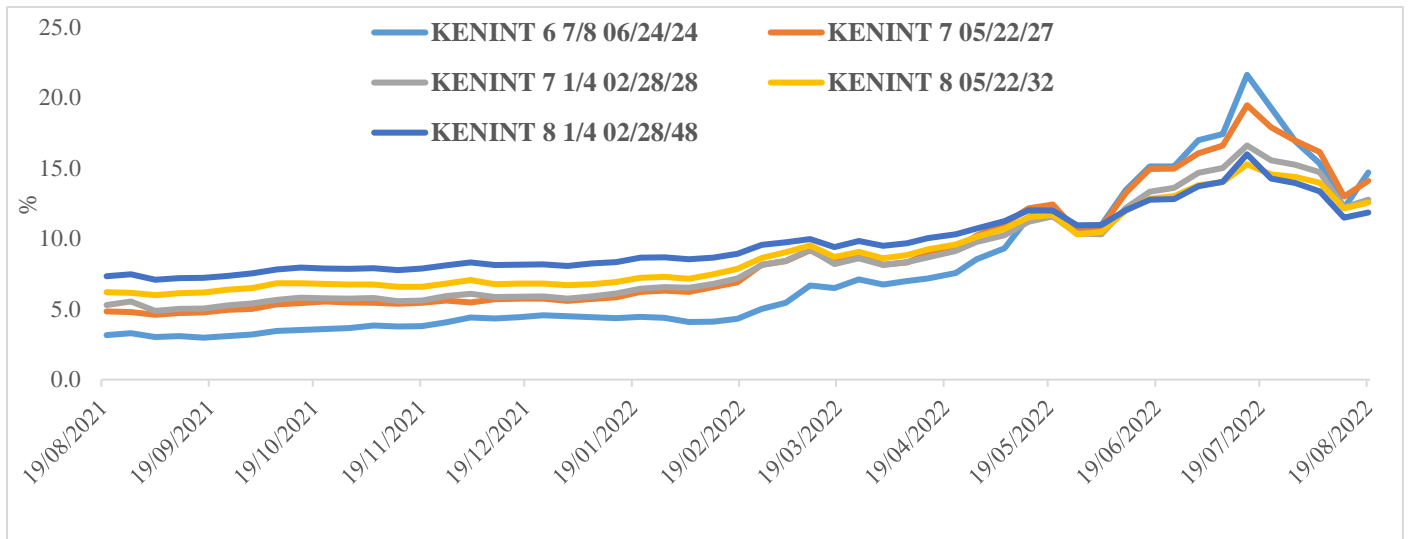
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors halt a 4-week declining 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	23.10	31.25	-17.7	10,471	54.6%	1.74	1.39	3.5	18.0	4.4	9.0	49.9	1,788,604	
Equity Bank	Banking	Dec	54.25	39.00	48.00	-9.0	1,515	7.9%	11.15	3.00	44.3	4.3	6.3	1.1	25.2	630,993	
KCB Bank	Banking	Dec	48.65	35.00	43.25	-4.8	1,162	6.1%	11.67	3.00	56.6	3.7	6.9	0.8	20.6	305,040	
EA Breweries	Breweries	Jun	180.00	110.00	153.75	-6.8	1,017	5.3%	15.00	11.00	20.5	10.3	7.2	7.5	73.2	310,366	
Co-op Bank	Banking	Dec	13.95	10.70	12.60	-2.7	618	3.2%	3.23	1.00	17.5	3.9	7.9	0.7	18.4	31,639	
Absa Bank	Banking	Dec	12.70	9.70	12.35	4.2	561	2.9%	2.15	1.10	10.9	5.7	8.9	1.1	19.7	28,049	
StanChart Bank	Banking	Dec	146.25	123.75	138.25	7.8	437	2.3%	24.92	19.00	147.2	5.5	13.7	0.9	16.9	61,214	
BAT Kenya	Tobacco	Dec	509.00	404.00	440.50	-0.2	368	1.9%	67.10	55.00	129.1	6.6	12.5	3.4	52.0	52,480	
NCBA Bank	Banking	Dec	28.15	23.00	25.80	2.4	355	1.9%	6.56	3.00	48.7	3.9	11.6	0.5	13.4	35,156	
Stanbic Bank	Banking	Dec	108.00	86.00	99.00	13.5	327	1.7%	18.81	7.30	122.8	5.3	7.4	0.8	15.3	148,432	
I&M Holdings	Banking	Dec	23.25	16.50	16.95	-19.7	234	1.2%	5.38	1.50	42.6	3.1	8.8	0.4	12.6	27,647	
Bank of Kigali	Banking	Dec	40.00	24.30	29.30	1.0	220	1.1%	7.95	3.28	41.8	3.7	11.2	0.7	19.0	2,228	
KenGen	Power	Jun	4.98	3.38	3.76	-10.3	207	1.1%	0.16	0.18	32.4	23.6	4.8	0.1	0.5	10,890	
Kenya Airways	Airlines	Dec	3.99	3.83	3.83	0.0	182	0.9%	(2.79)	-	(14.7)	-	-	-	-	-	
Jubilee Insurance	Insurance	Dec	375.00	244.50	252.25	-20.4	153	0.8%	94.22	14.00	544.4	2.7	5.6	0.5	17.3	5,518	
Britam	Insurance	Dec	8.34	5.44	6.12	-18.4	129	0.7%	0.03	-	7.5	214.1	-	0.8	0.4	4,555	
Total Oil	Oil	Dec	26.00	21.75	24.00	-4.0	126	0.7%	4.35	1.31	45.4	5.5	5.5	0.5	9.6	779	
DTB Bank	Banking	Dec	66.75	48.40	50.25	-15.5	118	0.6%	14.80	3.00	240.7	3.4	6.0	0.2	6.2	17,797	
Bamburi Cement	Cement	Dec	39.80	32.15	38.20	0.5	116	0.6%	3.58	3.58	83.5	10.7	9.4	0.5	4.3	4,512	
Umeme Ltd.	Power	Dec	8.30	5.50	7.88	16.9	107	0.6%	2.74	1.73	17.6	2.9	22.0	0.4	15.6	3,490	
Kakuzi	Agric	Dec	441.25	367.50	368.25	-4.4	60	0.3%	39.24	18.00	278.0	9.4	4.9	1.3	14.1	23,255	
Centum Investment	Finance	Mar	17.85	8.00	9.84	-30.2	55	0.3%	(2.01)	0.59	65.1	-	6.0	0.2	(3.1)	15,065	
Crown Paints	Manufac.	Dec	44.00	25.85	42.90	40.7	51	0.3%	5.13	4.00	24.1	8.4	9.3	1.8	21.3	836	
Kenya Re	Insurance	Dec	2.60	1.94	2.16	-6.1	51	0.3%	1.17	0.10	13.4	1.9	4.6	0.2	8.7	2,538	
CIC Insurance	Insurance	Dec	2.99	1.87	2.05	-7.2	45	0.2%	0.30	-	3.0	6.8	-	0.7	9.9	2,060	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	45	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	22.25	19.0	42	0.2%	(1.48)	0.50	56.5	-	2.2	0.4	(2.6)	173	
Liberty K. Holdings	Insurance	Dec	9.00	5.02	7.20	2.9	32	0.2%	0.15	-	15.9	47.1	-	0.5	1.0	43	
Nation Media	Media	Dec	25.60	16.20	19.05	3.3	30	0.2%	2.59	1.49	42.1	7.4	7.8	0.5	6.2	3,409	
Carbacid	Gases	July	13.25	10.35	12.05	9.5	26	0.1%	2.22	0.70	13.5	5.4	5.8	0.9	16.4	1,604	
TPSEA Serena	Tourism	Dec	17.00	11.50	16.70	9.5	25	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	898	
Kenya Power	Power	Jun	2.02	1.31	1.45	-17.1	24	0.1%	2.65	-	29.3	0.5	-	0.0	9.0	11,482	
Unga Ltd	Food	Jun	36.25	27.00	29.00	4.9	18	0.1%	2.89	-	56.2	10.1	-	0.5	5.1	337	
NSE	Finance	Dec	10.15	6.60	7.98	-0.2	17	0.1%	0.51	1.40	8.0	15.6	17.5	1.0	6.4	2,736	
Car & Gen	Motors	Sept	76.00	30.00	43.00	26.7	14	0.1%	26.33	3.20	135.8	1.6	7.4	0.3	19.4	215	
Sanlam Kenya	Insurance	Dec	15.00	9.70	11.65	0.9	14	0.1%	(3.77)	-	3.9	-	-	3.0	(97.1)	43	
WPP Scangroup	Media	Dec	5.74	2.86	3.70	-10.6	13	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	645	
BOC Kenya	Gases	Dec	93.25	62.00	71.25	1.8	12	0.1%	4.78	6.70	84.3	14.9	9.4	0.8	5.7	466	
Housing Finance	Banking	Dec	4.90	2.86	3.60	-7.7	12	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,307	
Limuru Tea	Agric	Dec	507.00	297.00	500.00	56.3	10	0.1%	(0.50)	0.70	75.9	-	0.1	6.6	(0.7)	359	
Standard Newspapers	Media	Dec	19.55	11.55	13.50	-0.4	9	0.0%	(0.90)	-	10.5	-	-	1.3	(8.5)	59	
Longhorn	Publishing	Jun	4.4	2.74	3.98	-0.5	9	0.0%	0.62	-	2.8	6.5	-	1.4	22.2	313	
EA Portland	Cement	Jun	9.40	6.06	7.60	14.1	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	40	
TransCentury	Finance	Dec	1.47	1.00	1.19	1.7	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	38	
												Average	14.0	5.9	5.7	38.3	3,554,664

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