

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	16.50	88.5%	BUY
Equity bank	58.81	45.15	30.3%	BUY
KCB bank	62.39	32.95	89.3%	BUY
Co-op bank	18.13	13.05	38.9%	BUY
ABSA bank	12.32	12.35	-0.2%	HOLD
StanChart bank	108.61	170.00	-36.1%	SELL
NCBA bank	38.68	39.00	-0.8%	HOLD
I&M bank	30.56	20.25	50.9%	BUY
Stanbic bank	89.16	114.50	-22.1%	SELL
DTB bank	122.70	53.75	128.3%	BUY
EABL	164.58	158.25	4.0%	HOLD
Bamburi Cement	51.96	27.95	85.9%	BUY
BAT Kenya	544.27	469.75	15.9%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom sustained a 9-day losing streak over continued foreign sell-offs to touch a 23-day low. Similarly, EABL hit a 5-month low driven by foreign selling. KCB bank too marked a 21-day low. NCBA bank rallied close to its 12-month high of KES 40.00 on account of local demand.

Debt market commentary and outlook

- Overall subscription rates increased to 146.5%, up from 122.6% the previous week as investors largely packed funds on the 91-Day T-Bill. Weak demand was again witnessed on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor trended up for the sixteenth straight week and the yield on the 182-Day T-Bill was up for the second week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,594.1	-1.2%	1.9%	-6.0%	-6.5%	-14.0%	-4.9%
Kenya NASI Return	107.8	-3.3%	-2.8%	-12.5%	-15.9%	-30.4%	-15.4%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-14.6%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-18.2%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.9%	-5.7%	-20.4%	-24.7%	-40.5%	-22.9%
Johannesburg Index	-1.3%	4.7%	-6.9%	22.7%	-7.8%	0.4%
Nigeria Stock Exchange	-1.0%	-6.4%	-2.4%	10.5%	-4.0%	0.1%
Ghana Stock Exchange	1.8%	2.2%	15.9%	35.6%	-34.4%	-2.5%
Egyptian Stock Exchange	-0.9%	12.3%	5.2%	7.7%	-0.2%	-3.9%
MSCI EFM ex SA Index	-2.8%	0.6%	-1.4%	-0.3%	-19.7%	-4.2%

Other market statistics

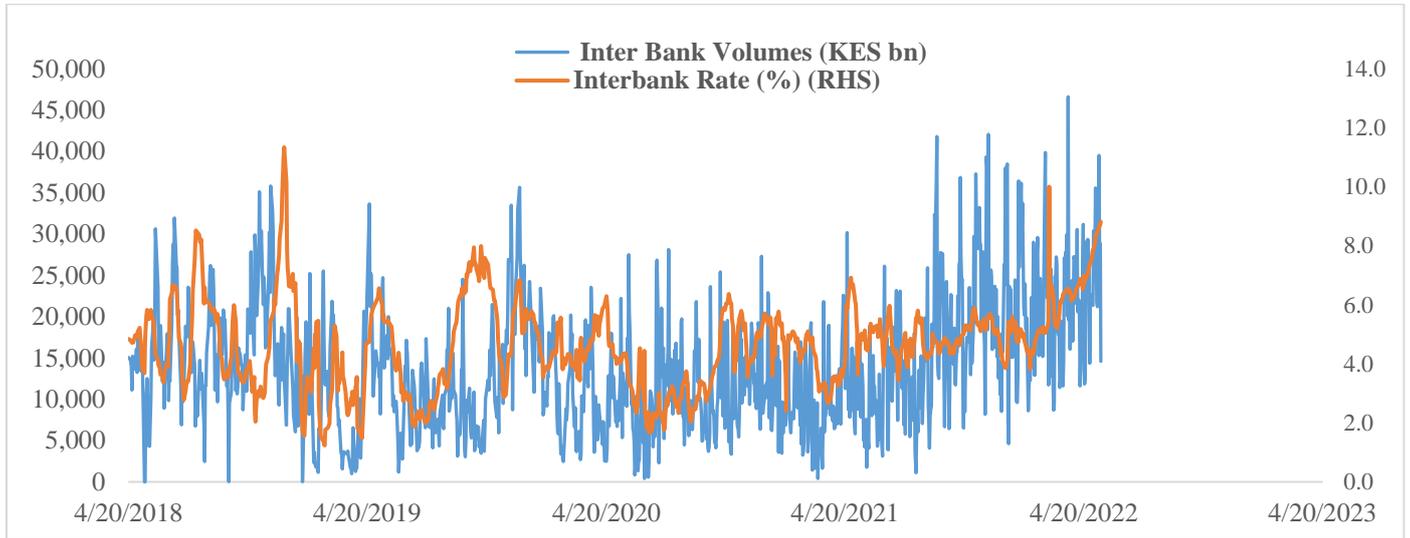
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	135.0	-0.4%	-2.7%	-8.1%	-10.3%	-14.3%	-8.6%
USD/ZAR	18.1	-0.1%	0.3%	-5.4%	2.0%	-13.9%	-5.9%
USD/EGP	30.9	0.0%	0.3%	-3.4%	-36.5%	-39.9%	-19.9%
USD/NGN	461.6	0.0%	-0.1%	-0.1%	-4.6%	-9.7%	-0.2%
USD/GHS	11.7	-0.1%	4.4%	2.5%	17.0%	-35.5%	-12.8%

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	315.0	-169.4	57.3%	-7.3%	-31.7%	-52.5%	0.9%
Equity bank	58.4	44.1	51.1%	1.5%	1.5%	-15.2%	19.1%
KCB bank	57.3	1.9	19.3%	-2.8%	-13.5%	-24.3%	9.8%
NCBA bank	40.2	0.0	0.0%	5.4%	-0.9%	-2.5%	65.3%
ABSA bank	37.4	0.0	0.1%	-2.8%	0.4%	-4.6%	27.3%

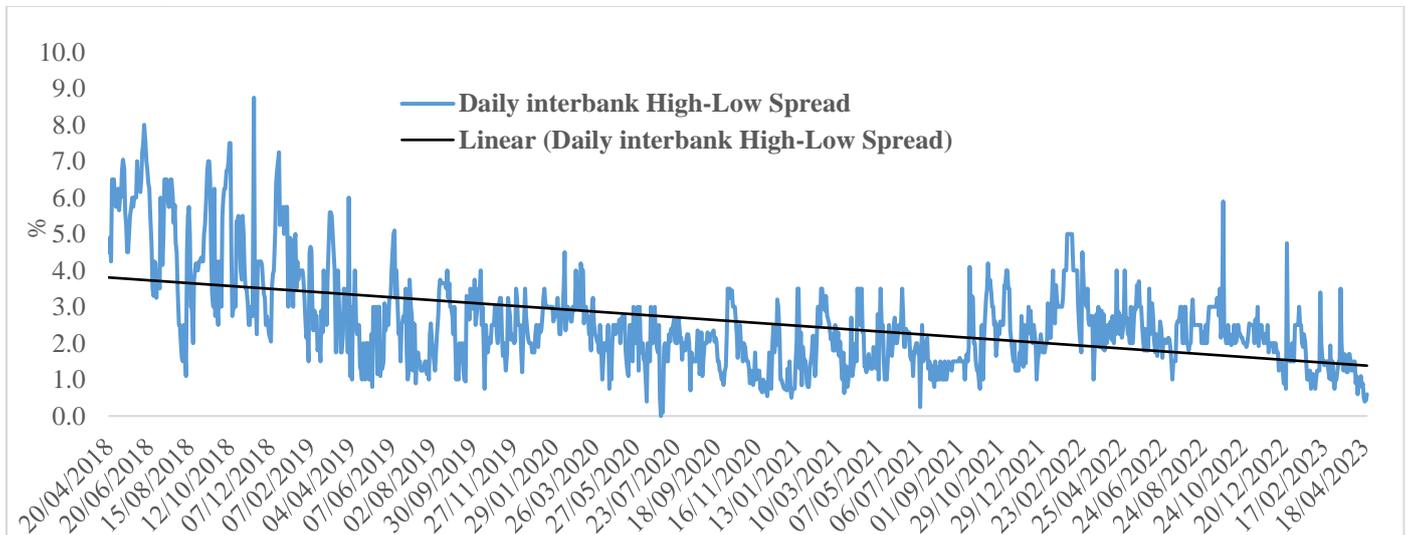
Key Rates and Spreads

Inter-bank rates sustain a 6-week's rising streak



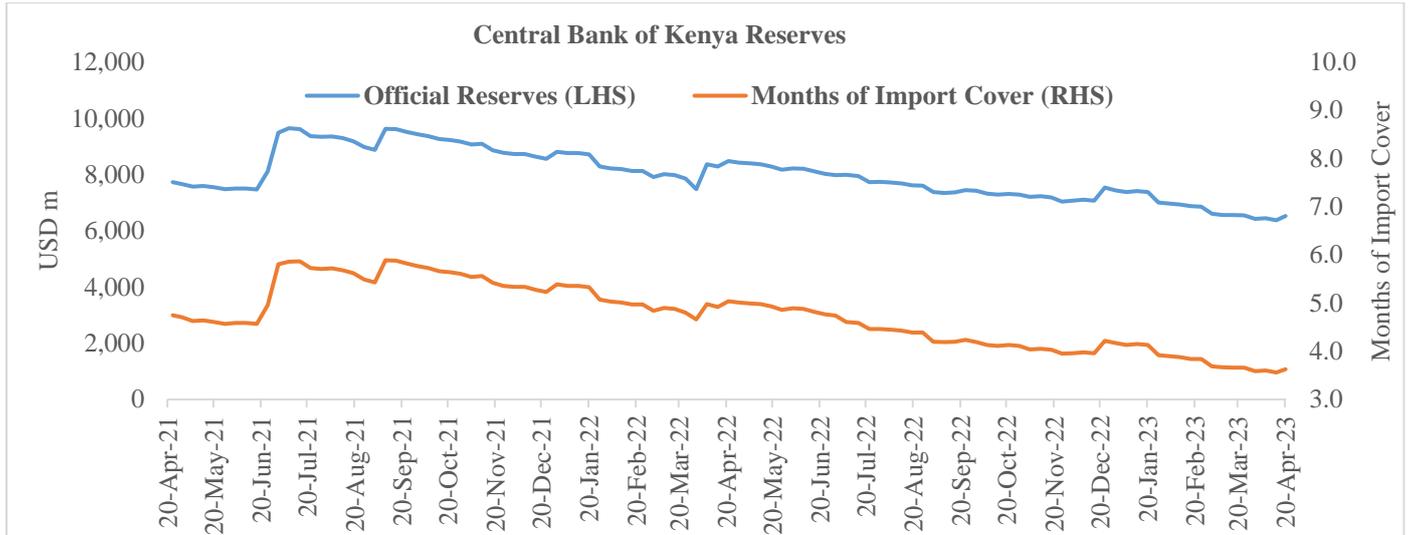
Source: CBK

Inter-bank spreads narrow for the fourth successive week



Source: CBK

CBK FX reserve & import cover increase week-on-week



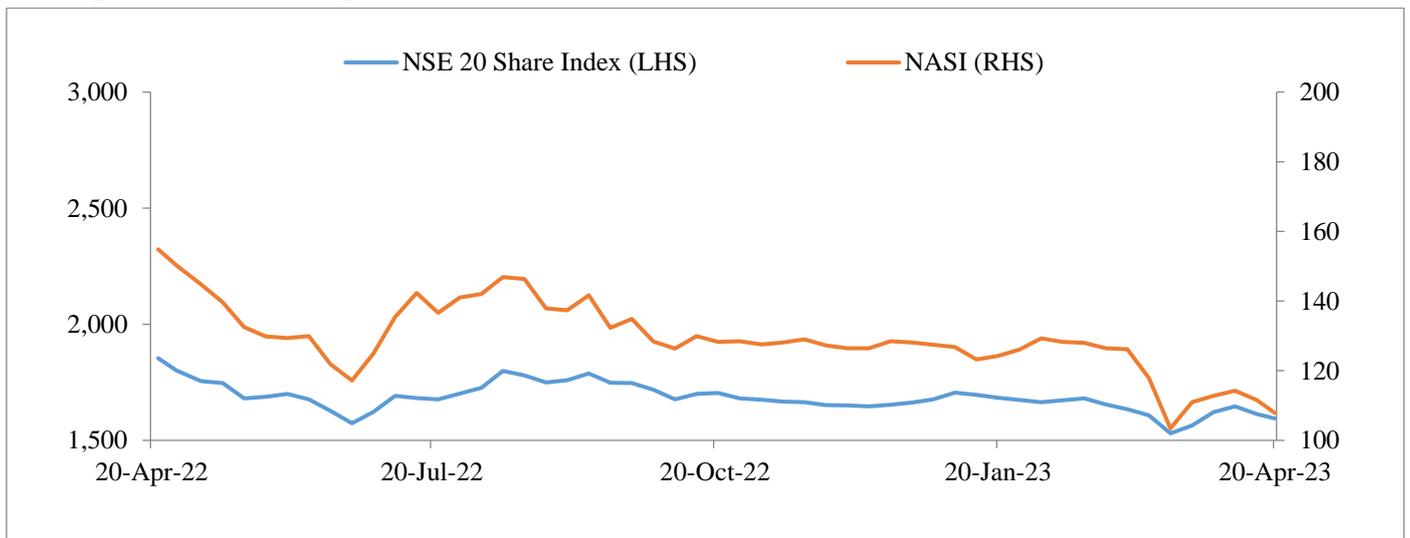
Source: CBK

Equity market trading commentary

Equity turnover declined 38.6% w/w to close at USD 4.7m (KES 0.6bn) ahead of a Public Holiday towards the end of the week. For the second week straight, the NASI shed 3.3% w/w to settle at 107.84 – a 6-week’s low - and the NSE 20 went down 1.2% w/w to finish at 1,594.06 – a 5-week’s low. Foreign investors turned net sellers at USD 1.0m (KES 137.9m). Local investors led trading activity at the bourse at 62.8% of total turnover, up from 53.3% the prior week. Safaricom saw the highest net foreign outflows at USD 1.3m (KES 169.4m). On the other hand, Equity bank posted the largest net foreign inflows at USD 0.3m (KES 44.1m).

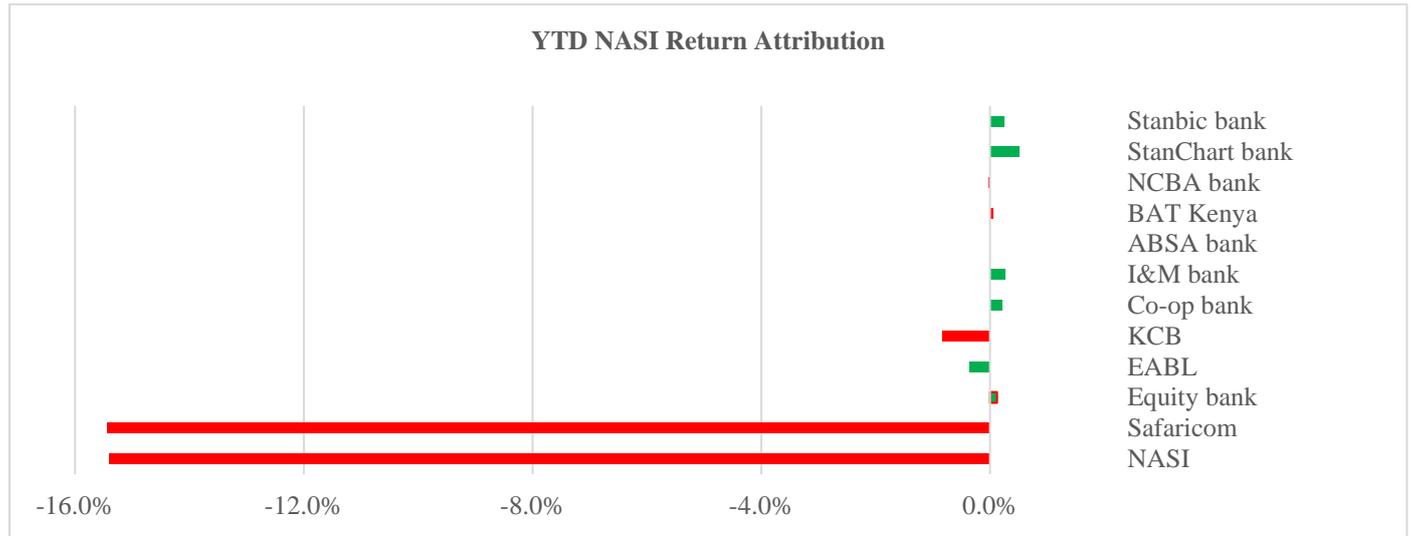
During the week, Safaricom sustained a 9-day losing streak over continued foreign sell-offs to touch a 23-day low. Similarly, EABL hit a 5-month low driven by foreign selling. KCB bank too marked a 21-day low. NCBA bank rallied close to its 12-month high of KES 40 on account of local demand.

Market performance over the past 12 months



Source: NSE

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



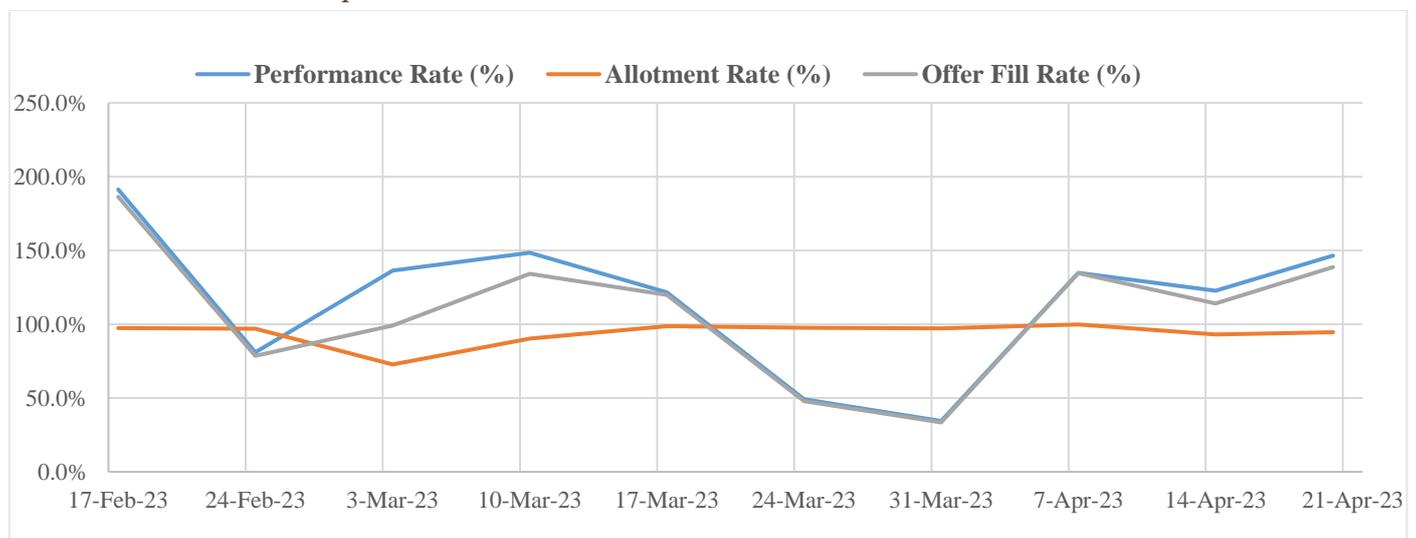
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates increased to 146.5%, up from 122.6% the previous week as investors largely packed funds on the 91-Day T-Bill. Weak demand was again witnessed on the 182-Day T-Bill and 364-Day T-Bill. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor trended up for the sixteenth straight week and the yield on the 182-Day T-Bill was up for the second week in a row.

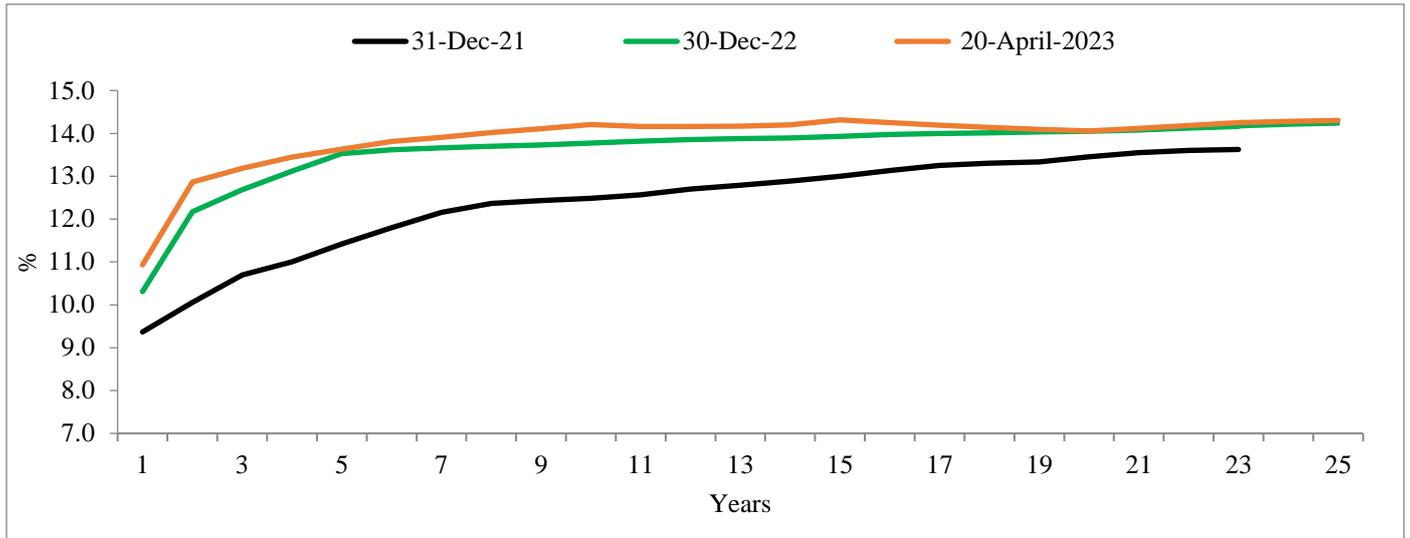
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 32.0bn for the 91-Day T-Bill, implying a subscription rate of 799.62%. It accepted bids worth KES 30.5bn at an average yield of 10.159% (+8.7bps w/w). The 182-Day T-Bill received bids worth KES 2.1bn, implying a performance rate of 21.49%. It accepted bids worth KES 1.8bn at an average yield of 10.477% (+4.9bps w/w). The 364-Day T-Bill received bids worth KES 1.0bn, implying a performance rate of 10.18%. It accepted bids worth KES 0.9bn at an average yield of 11.059% (+12.7bps w/w).

T-Bills Performance: Overall performance rates increase week-on-week



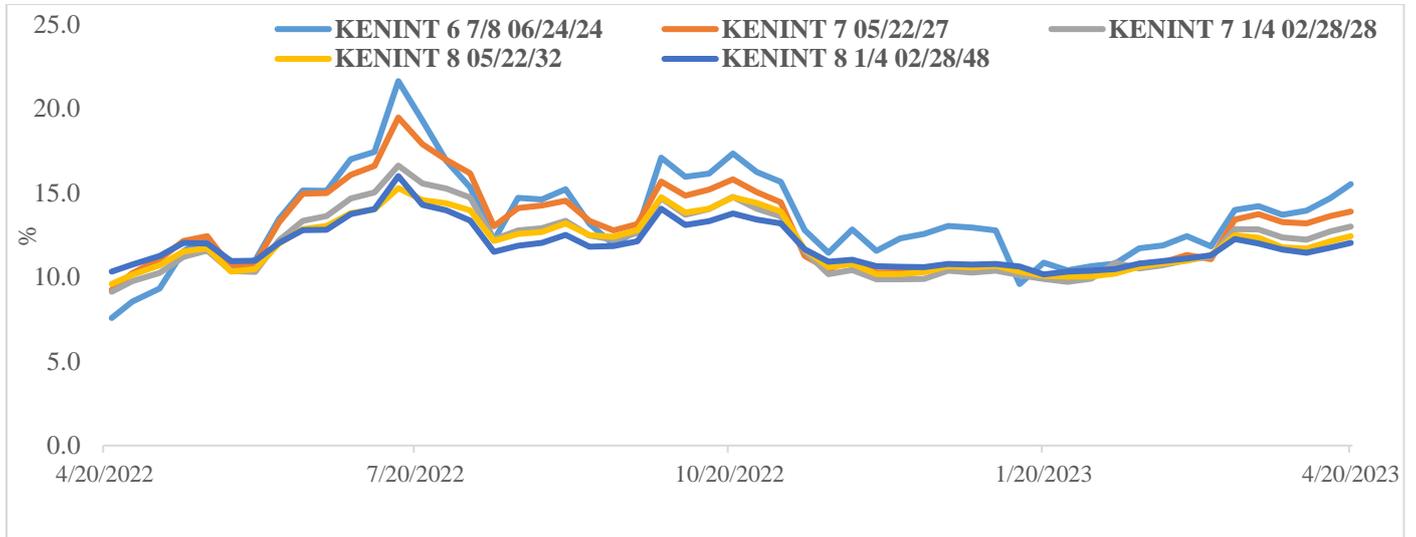
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors edge upwards for the second consecutive week



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	34.75	16.35	16.50	-31.7	4,890	39.2%	1.74	1.33	3.5	9.5	8.1	4.7	49.9	1,543,283
Equity Bank	Banking	Dec	53.25	37.90	45.15	1.5	1,260	10.1%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	355,696
EA Breweries	Breweries	Jun	187.00	110.00	158.25	-5.5	926	7.4%	15.00	11.00	20.5	10.6	7.0	7.7	73.2	2,362,082
KCB Bank	Banking	Dec	43.50	30.00	32.95	-13.5	783	6.3%	12.64	2.00	62.3	2.6	6.1	0.5	20.3	206,473
Co-op Bank	Banking	Dec	13.25	10.70	13.05	6.1	566	4.5%	3.76	1.50	18.4	3.5	11.5	0.7	20.5	58,522
Absa Bank	Banking	Dec	12.95	9.70	12.35	0.4	496	4.0%	2.69	1.35	11.7	4.6	10.9	1.1	22.9	39,393
NCBA Bank	Banking	Dec	40.00	23.60	39.00	-0.9	475	3.8%	10.02	4.25	49.1	3.9	10.9	0.8	20.4	20,533
StanChart Bank	Banking	Dec	171.00	123.75	170.00	19.1	475	3.8%	31.91	22.00	148.6	5.3	12.9	1.1	21.5	69,358
BAT Kenya	Tobacco	Dec	490.00	404.00	469.75	2.1	347	2.8%	68.92	57.00	163.8	6.8	12.1	2.9	42.1	111,033
Stanbic Bank	Banking	Dec	114.50	90.00	114.50	12.3	335	2.7%	22.92	12.60	157.3	5.0	11.0	0.7	14.6	25,194
I&M Holdings	Banking	Dec	21.00	16.50	20.25	19.1	248	2.0%	5.74	1.50	41.4	3.5	7.4	0.5	13.9	17,394
Bank of Kigali	Banking	Dec	33.00	27.00	31.55	0.2	209	1.7%	7.95	3.28	41.8	4.0	10.4	0.8	19.0	573
Umeme Ltd.	Power	Dec	15.05	6.58	13.95	88.0	168	1.3%	3.03	2.12	20.7	4.6	15.2	0.7	14.7	2,016
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	161	1.3%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	3.81	2.15	2.36	-26.7	115	0.9%	0.70	0.18	42.0	3.4	7.6	0.1	1.7	4,210
DTB Bank	Banking	Dec	57.00	44.00	53.75	7.5	111	0.9%	17.27	3.00	250.7	3.1	5.6	0.2	6.9	16,700
Jubilee Insurance	Insurance	Dec	270.00	148.25	189.25	-4.8	101	0.8%	82.21	14.00	618.5	2.3	7.4	0.3	13.3	8,866
Total Oil	Oil	Dec	25.85	18.25	20.35	-14.7	95	0.8%	3.88	1.31	48.0	5.2	6.4	0.4	8.1	841
Britam	Insurance	Dec	6.94	4.34	4.34	-16.5	81	0.6%	0.03	-	7.5	151.8	-	0.6	0.4	1,184
Bamburi Cement	Cement	Dec	38.35	26.75	27.95	-11.3	75	0.6%	2.15	3.58	0.1	13.0	12.8	340.4	2,618.6	23,430
Sasini Tea & Coffee	Agric	Sept	129.00	19.00	27.80	23.8	47	0.4%	5.11	1.00	56.5	5.4	3.6	0.5	9.1	782
Centum Investment	Finance	Mar	12.25	7.90	8.74	4.5	43	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	7,075
Kakuzi	Agric	Dec	441.25	240.00	290.25	-24.6	42	0.3%	43.15	24.00	303.5	6.7	8.3	1.0	14.2	469
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	39	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	44.00	32.30	37.00	-11.6	39	0.3%	5.13	4.00	24.1	7.2	10.8	1.5	21.3	252
Kenya Re	Insurance	Dec	2.25	1.54	1.83	0.0	38	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,813
CIC Insurance	Insurance	Dec	2.18	1.72	1.81	-7.2	35	0.3%	0.42	0.13	3.3	4.3	7.2	0.6	12.8	1,917
Carbacid	Gases	July	14.15	10.55	12.50	4.2	24	0.2%	2.98	0.70	13.6	4.2	5.6	0.9	21.9	4,597
Kenya Power	Power	Jun	2.08	1.36	1.50	-3.8	22	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	7,137
Nation Media	Media	Dec	23.20	14.15	15.05	-5.6	21	0.2%	16.74	1.49	43.1	0.9	9.9	0.3	38.9	1,933
TPSEA Serena	Tourism	Dec	17.50	10.85	14.65	9.7	20	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	2,361
Liberty K. Holdings	Insurance	Dec	7.48	3.71	3.96	-29.3	16	0.1%	0.15	-	15.9	25.9	-	0.2	1.0	54
Unga Ltd	Food	Jun	34.75	15.00	22.90	-28.4	13	0.1%	2.48	-	58.3	9.3	-	0.4	4.2	310
NSE	Finance	Dec	8.38	6.02	6.02	-11.2	12	0.1%	0.05	0.20	7.1	113.8	3.3	0.8	0.7	1,475
Housing Finance	Banking	Dec	4.18	2.86	3.82	19.7	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,498
BOC Kenya	Gases	Dec	85.00	65.00	70.25	-0.7	10	0.1%	4.78	6.70	84.3	14.7	9.5	0.8	5.7	252
Car & Gen	Motors	Sept	49.00	28.10	31.00	-34.7	9	0.1%	26.33	3.20	135.8	1.2	10.3	0.2	19.4	238
WPP Scangroup	Media	Dec	4.23	2.75	2.75	-8.6	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	610
Sanlam Kenya	Insurance	Dec	14.90	7.26	7.84	-18.2	8	0.1%	(3.77)	-	3.9	-	-	2.0	(97.1)	54
Limuru Tea	Agric	Dec	510.00	320.00	400.00	-4.8	7	0.1%	4.73	2.50	80.9	84.6	0.6	4.9	5.8	584
Standard Newspapers	Media	Dec	14.75	8.16	9.04	-13.5	5	0.0%	(0.90)	-	10.5	-	-	0.9	(8.5)	26
EA Portland	Cement	Jun	8.80	5.94	7.04	3.5	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	19
Longhorn	Publishing	Jun	4.07	2.04	2.10	-30.0	4	0.0%	0.62	-	2.8	3.4	-	0.8	22.2	172
TransCentury	Finance	Dec	1.30	0.79	1.00	7.5	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	69
											Average	12.1	8.3	4.9	51.1	4,905,449

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