

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	24.95	36.6%	BUY
Equity bank	70.69	45.35	55.9%	BUY
KCB bank	68.17	36.55	86.5%	BUY
Co-op bank	19.83	12.00	65.3%	BUY
ABSA bank	14.44	11.60	24.5%	BUY
StanChart bank	122.25	138.50	-11.7%	HOLD
NCBA bank	43.98	30.25	45.4%	BUY
I&M bank	32.61	16.95	92.4%	BUY
Stanbic bank	109.98	98.00	12.2%	HOLD
DTB bank	130.90	49.00	167.1%	BUY
EABL	223.42	168.75	32.4%	BUY
Bamburi Cement	60.07	33.85	77.5%	BUY
BAT Kenya	549.38	434.00	26.6%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, KCB bank sustained an 8-day losing streak. The counter traded down to a 5-month low on account of foreign investors' sell-off. Similarly, Safaricom touched an 8-day low on the back of foreign selling.

Debt market commentary and outlook

- For the third straight week, overall subscription rate grew modestly to 117.9%, up from 116.7% registered the previous week. Investors remained focussed on the 91-day T-Bill - its yield notched upwards for the twenty-first successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,704.6	0.3%	-2.4%	1.3%	-8.0%	-13.1%	-10.4%
Kenya NASI Return	128.3	-1.2%	-4.9%	-9.9%	-17.1%	-28.1%	-22.9%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	-14.6%	-19.2%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	-18.2%	-27.8%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-0.1%	-2.0%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-1.4%	-5.4%	-36.0%	-21.0%	-34.2%	-28.3%
Johannesburg Index	-2.1%	-1.3%	-24.0%	-24.9%	-22.9%	-24.1%
Nigeria Stock Exchange	-6.8%	-10.5%	-18.0%	-13.1%	-0.1%	0.1%
Ghana Stock Exchange	-22.3%	-28.4%	-42.1%	-51.6%	-62.9%	-61.7%
Egyptian Stock Exchange	4.9%	3.2%	7.1%	-7.4%	-25.8%	-30.9%
MSCI EFM ex SA Index	0.0%	-5.1%	-8.6%	-19.5%	-29.7%	-28.0%

Other market statistics

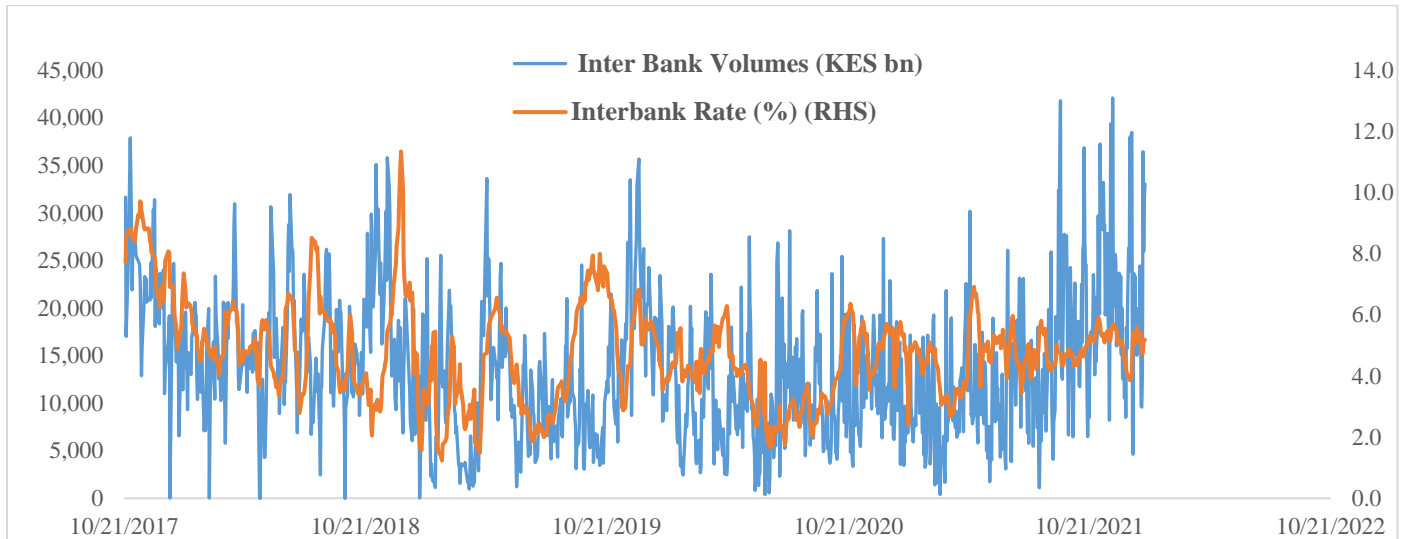
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	121.2	-0.1%	-0.5%	-2.0%	-4.5%	-8.3%	-6.6%
USD/ZAR	18.5	-1.3%	-3.3%	-8.8%	-15.6%	-20.5%	-13.6%
USD/EGP	19.6	0.2%	-0.7%	-3.6%	-5.4%	-20.0%	-19.9%
USD/NGN	440.5	-0.1%	-1.1%	-3.9%	-5.4%	-6.0%	-3.7%
USD/GHS	13.6	-19.2%	-24.7%	-40.2%	-44.8%	-55.4%	-54.6%

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
KCB bank	220.6	-14.1	3.4%	-5.8%	-19.6%	-22.2%	4.4%
EABL	165.4	-64.4	67.7%	-0.7%	2.3%	-1.2%	53.4%
Safaricom	132.2	-32.4	35.5%	-2.3%	-34.3%	-41.9%	8.0%
Limuru Tea	18.5	0.0	0.0%	0.0%	31.3%	-17.6%	41.4%
Equity bank	18.2	-5.3	62.9%	2.8%	-14.0%	-15.2%	16.3%

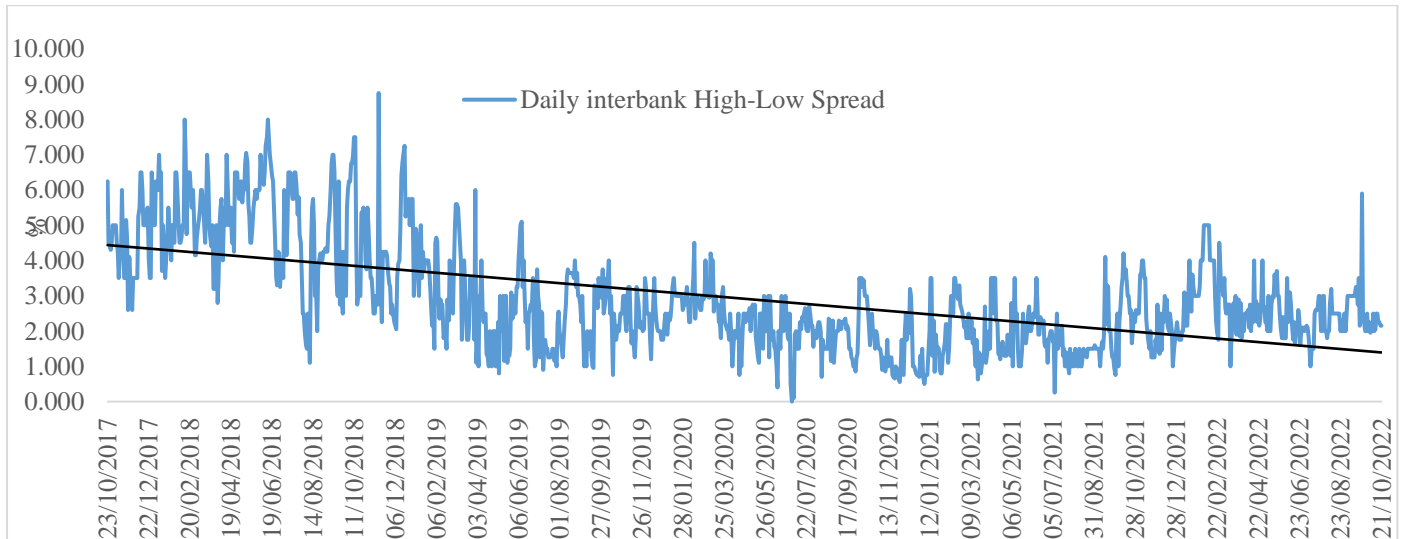
Key Rates and Spreads

Inter-bank rate increase week-on-week after falling in the last three weeks



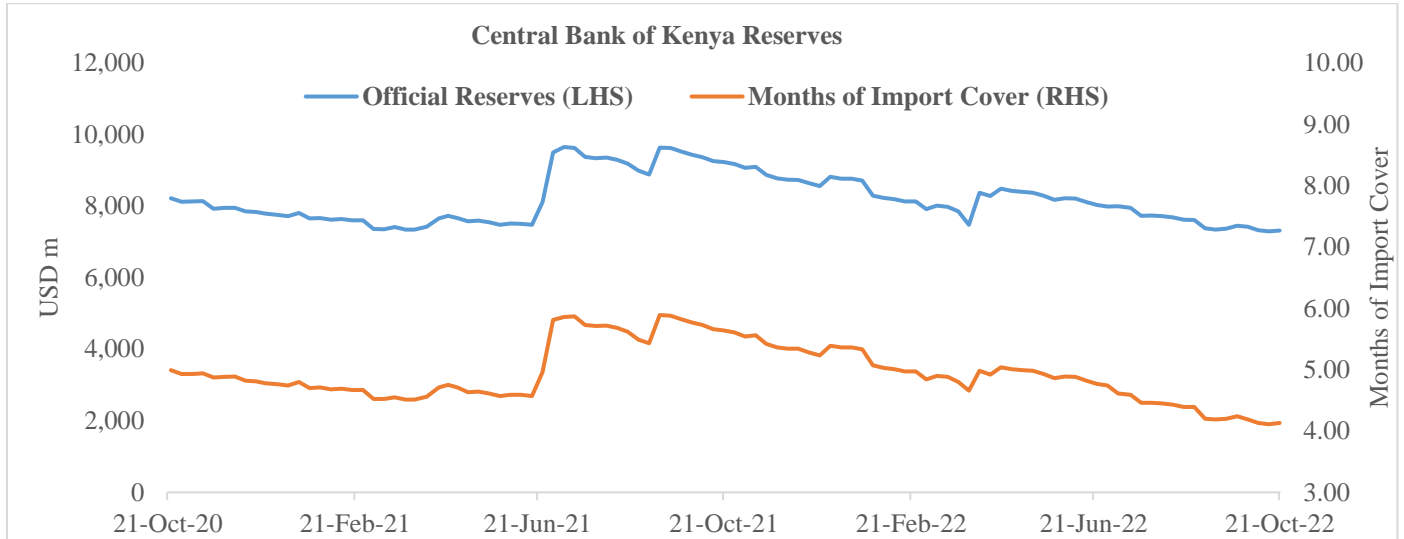
Source: CBK

Inter-bank spreads decline week-on-week



Source: CBK

CKB reserves and forex import cover increased week-on-week after declining in the last three weeks



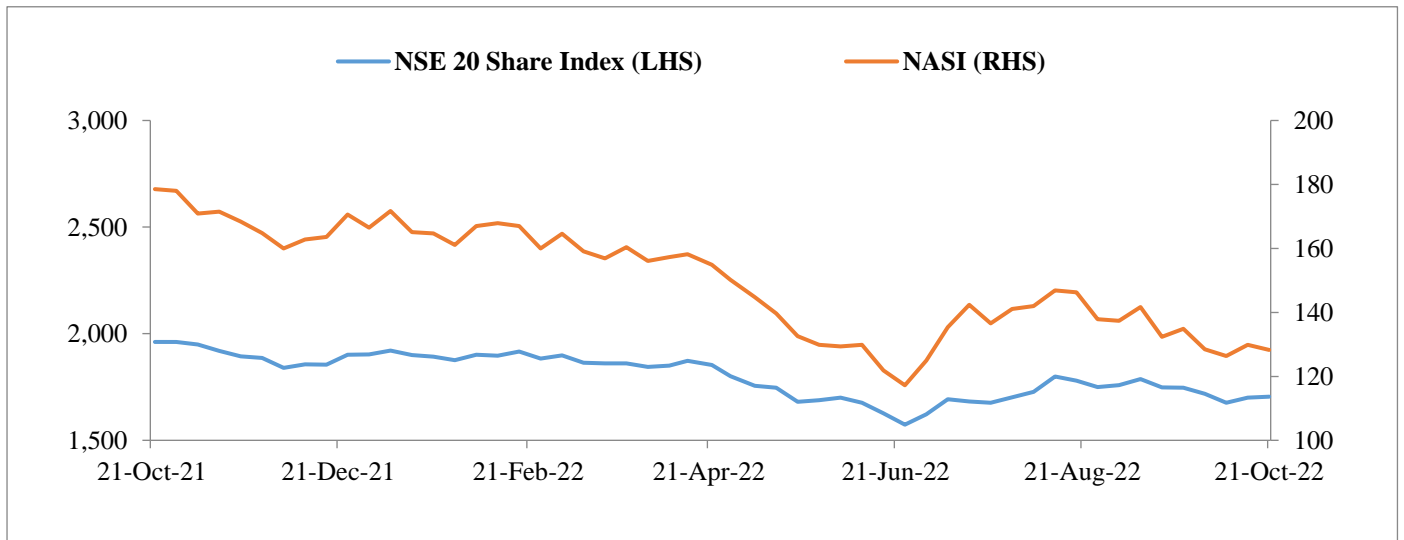
Source: CBK

Equity market trading commentary

For the second straight week, equity turnover further declined by 41.2% w/w to stand at USD 5.2m (KES 0.6bn) following a public holiday during the week. After two weeks of losses. The NASI lost 1.2% w/w to 128.30 while the NSE 20 added another 0.3% w/w to 1,704.60. Foreign investors turned net sellers at USD 1.0m (KES 121.4m). Notably, local investors led market activity at 70.8% of total turnover, up from 44.4% the prior week. EABL (USD 0.5m, KES 64.4m) and Safaricom (USD 0.3m, KES 32.4m) recorded the highest net foreign inflows. On the other hand, Nairo Business Ventures registered the highest net foreign outflows at USD 6.9k (KES 0.8m).

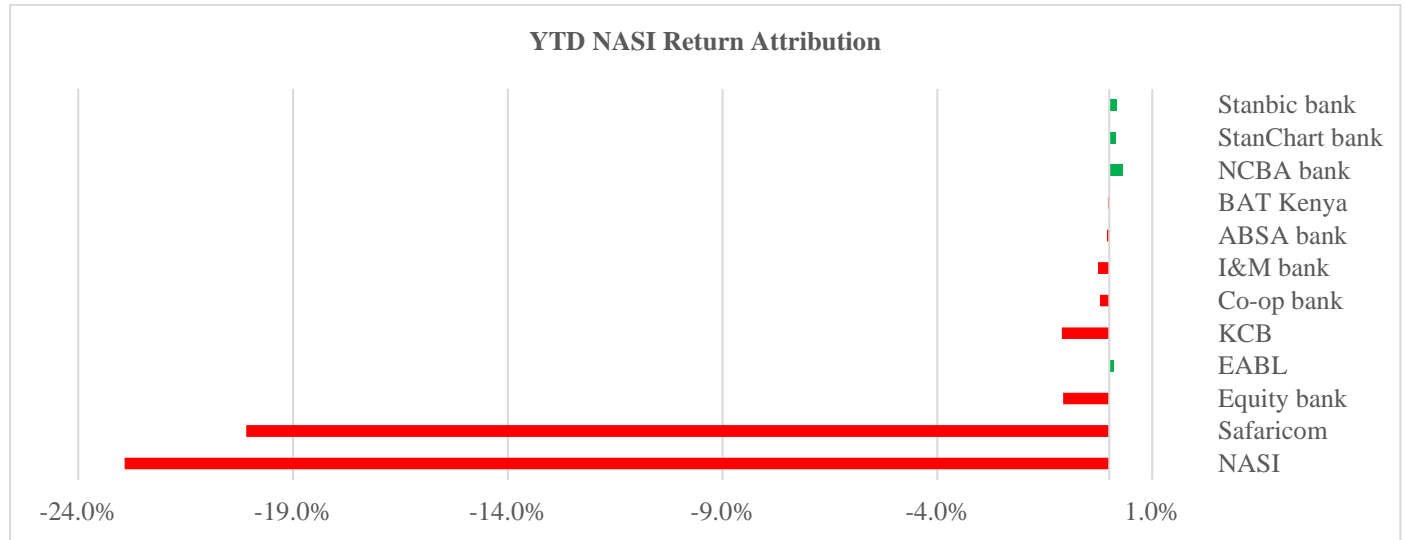
During the week, KCB bank sustained an 8-day losing streak. The counter traded down to a 5-month low on account of foreign investors’ sell-off. Similarly, Safaricom touched an 8-day low on the back of foreign selling.

Market performance over the past 12 months



Source: NSE

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



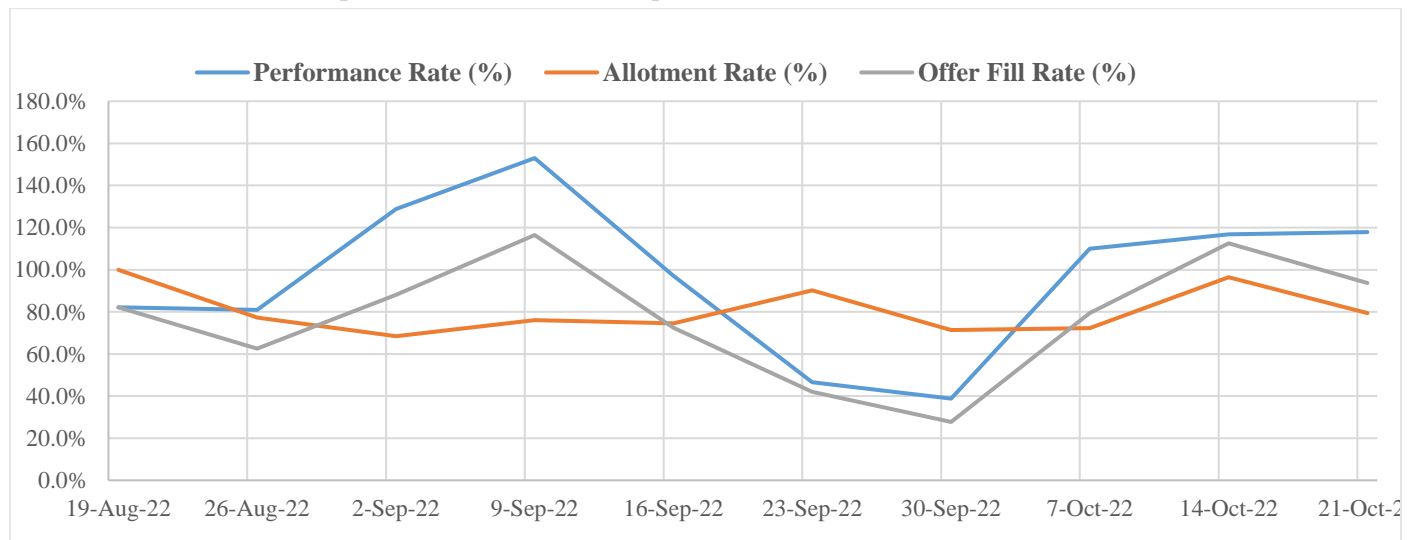
Source: Kestrel Research

Debt market trading commentary

For the third straight week, overall subscription rate grew modestly to 117.9%, up from 116.7% registered the previous week. Investors remained focussed on the 91-day T-Bill - its yield notched upwards for the twenty-first successive week.

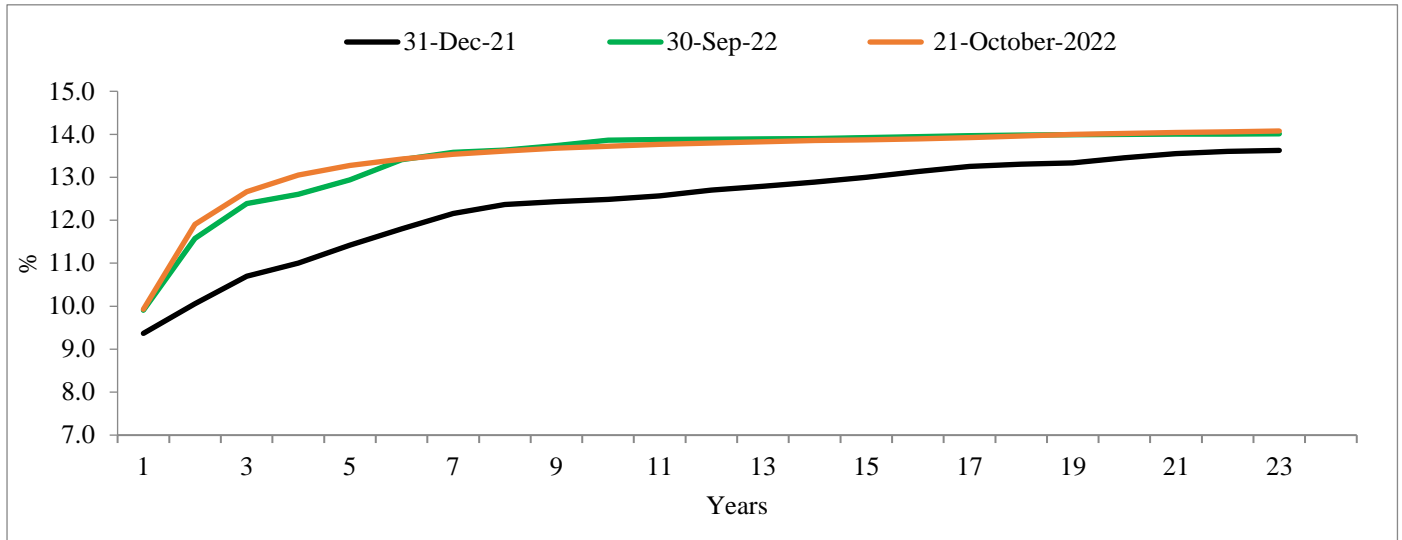
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 18.5bn for the 91-Day T-Bill, implying a subscription rate of 487.96%. It accepted bids worth KES 13.8bn at an average yield of 9.100% (+4.2bps w/w). The 182-Day T-Bill received bids worth KES 4.8bn, implying a performance rate of 48.20%. It accepted bids worth KES 4.7bn at an average yield of 9.664% (+0.8ps w/w). The 364-Day T-Bill received bids worth KES 4.0bn, implying a performance rate of 39.65%. It accepted bids worth KES 4.0bn at an average yield of 9.928% (+1.8w/w).

T-Bills Performance: Overall performance rate notched up for the third consecutive week



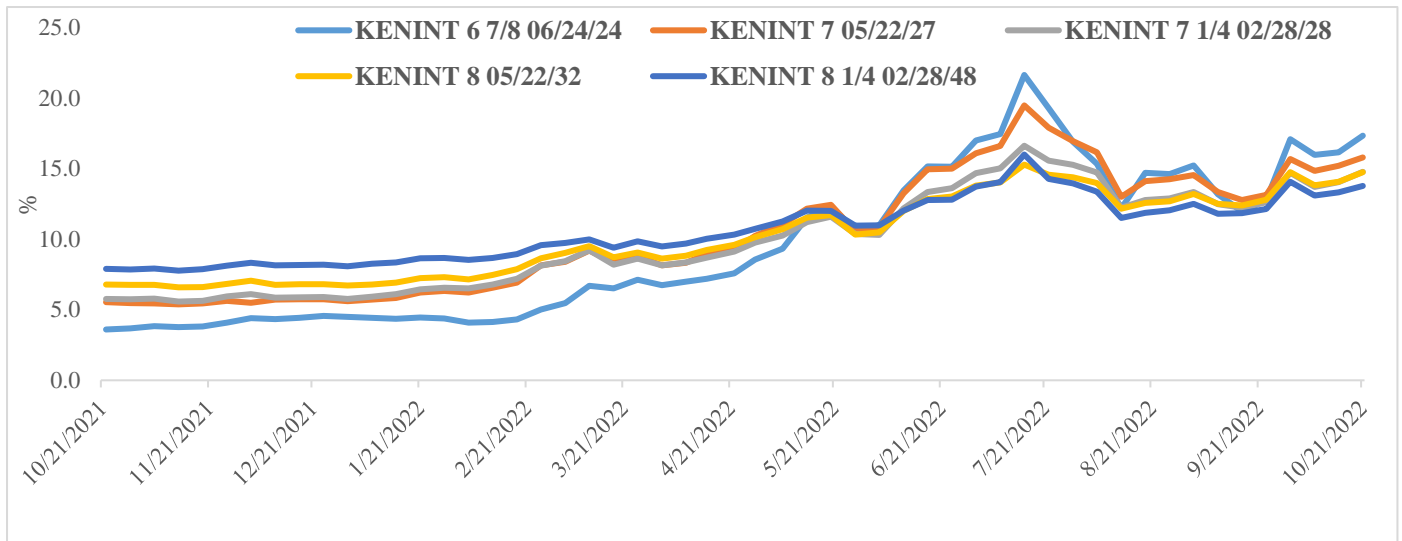
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors inch upwards for the second straight 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	42.95	23.10	24.95	-34.3	8,252	49.8%	1.74	1.39	3.5	14.4	5.6	7.2	49.9	1,199,030
Equity Bank	Banking	Dec	53.50	39.00	45.35	-14.0	1,413	8.5%	12.02	3.00	38.1	3.8	6.6	1.2	31.6	366,691
EA Breweries	Breweries	Jun	170.75	110.00	168.75	2.3	1,102	6.6%	15.00	11.00	20.5	11.3	6.5	8.2	73.2	189,897
KCB Bank	Banking	Dec	47.00	35.00	36.55	-19.6	970	5.8%	11.92	3.00	55.7	3.1	8.2	0.7	21.4	273,201
Co-op Bank	Banking	Dec	13.30	10.70	12.00	-7.3	581	3.5%	3.52	1.00	16.5	3.4	8.3	0.7	21.3	33,909
Absa Bank	Banking	Dec	12.70	9.70	11.60	-2.1	520	3.1%	2.15	1.10	10.9	5.4	9.5	1.1	19.7	16,235
StanChart Bank	Banking	Dec	146.25	123.75	138.50	8.0	432	2.6%	24.92	19.00	147.2	5.6	13.7	0.9	16.9	28,666
NCBA Bank	Banking	Dec	33.20	23.00	30.25	20.0	411	2.5%	8.10	4.25	48.7	3.7	14.0	0.6	16.6	127,247
BAT Kenya	Tobacco	Dec	509.00	404.00	434.00	-1.7	358	2.2%	67.10	55.00	129.1	6.5	12.7	3.4	52.0	9,945
Stanbic Bank	Banking	Dec	108.00	86.75	98.00	12.3	320	1.9%	18.81	7.30	122.8	5.2	7.4	0.8	15.3	8,419
I&M Holdings	Banking	Dec	22.25	16.50	16.95	-19.7	231	1.4%	5.38	1.50	42.6	3.1	8.8	0.4	12.6	27,440
Bank of Kigali	Banking	Dec	32.75	24.30	31.00	6.9	229	1.4%	7.95	3.28	41.8	3.9	10.6	0.7	19.0	1,581
KenGen	Power	Jun	4.76	3.38	3.40	-18.9	185	1.1%	0.16	0.18	32.4	21.4	5.3	0.1	0.5	14,712
Jubya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	180	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	360.00	231.75	237.50	-25.0	142	0.9%	94.22	14.00	544.4	2.5	5.9	0.4	17.3	6,831
Britam	Insurance	Dec	8.00	5.44	6.20	-17.3	129	0.8%	0.03	-	7.5	216.9	-	0.8	0.4	2,714
Total Oil	Oil	Dec	25.85	21.75	23.20	-7.2	121	0.7%	4.35	1.31	45.4	5.3	5.6	0.5	9.6	1,220
DTB Bank	Banking	Dec	60.00	48.40	49.00	-17.6	113	0.7%	16.32	3.00	246.4	3.0	6.1	0.2	6.6	14,369
Bamburi Cement	Cement	Dec	39.00	32.10	33.85	-10.9	101	0.6%	2.15	3.58	0.1	15.7	10.6	412.3	2,618.6	8,326
Umeme Ltd.	Power	Dec	8.30	5.50	7.02	4.2	94	0.6%	2.74	1.73	17.6	2.6	24.7	0.4	15.6	1,021
Kakuzi	Agric	Dec	441.25	367.50	420.00	9.1	68	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	941
Centum Investment	Finance	Mar	17.80	8.00	9.22	-34.6	51	0.3%	(2.01)	0.59	65.1	-	6.4	0.1	(3.1)	11,862
Crown Paints	Manufac.	Dec	44.00	30.50	41.95	37.5	49	0.3%	5.13	4.00	24.1	8.2	9.5	1.7	21.3	426
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
CIC Insurance	Insurance	Dec	2.65	1.87	2.01	-9.0	43	0.3%	0.30	-	3.0	6.7	-	0.7	9.9	2,472
Kenya Re	Insurance	Dec	2.46	1.86	1.86	-19.1	43	0.3%	1.17	0.10	13.4	1.6	5.4	0.1	8.7	2,191
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	20.95	12.0	39	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	287
Kenya Power	Power	Jun	2.08	1.31	1.92	9.7	31	0.2%	2.65	-	29.3	0.7	-	0.1	9.0	15,385
Carbacid	Gases	July	13.25	10.35	12.55	14.1	26	0.2%	2.22	0.70	13.5	5.7	5.6	0.9	16.4	3,304
Liberty K. Holdings	Insurance	Dec	8.06	5.00	5.90	-15.7	26	0.2%	0.15	-	15.9	38.6	-	0.4	1.0	191
Nation Media	Media	Dec	23.20	15.80	16.00	-13.3	25	0.2%	2.59	1.49	42.1	6.2	9.3	0.4	6.2	4,441
TPSEA Serena	Tourism	Dec	17.50	-	14.45	-5.2	22	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	697
Unga Ltd	Food	Jun	36.25	27.00	27.00	-2.4	17	0.1%	2.48	-	58.3	10.9	-	0.5	4.2	310
NSE	Finance	Dec	9.18	6.60	7.46	-6.8	16	0.1%	0.51	1.40	8.0	14.6	18.8	0.9	6.4	2,349
BOC Kenya	Gases	Dec	93.25	64.50	84.00	20.0	14	0.1%	4.78	6.70	84.3	17.6	8.0	1.0	5.7	871
WPP Scangroup	Media	Dec	5.00	2.86	3.30	-20.3	12	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	593
Car & Gen	Motors	Sept	76.00	30.00	35.35	4.1	12	0.1%	26.33	3.20	135.8	1.3	9.1	0.3	19.4	310
Sanlam Kenya	Insurance	Dec	15.00	9.00	9.08	-21.4	11	0.1%	(3.77)	-	3.9	-	-	2.3	(97.1)	191
Housing Finance	Banking	Dec	4.90	2.86	2.95	-24.4	9	0.1%	(1.45)	-	20.5	-	-	0.1	(7.1)	1,050
Limuru Tea	Agric	Dec	510.00	297.00	420.00	31.3	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	7,960
Longhorn	Publishing	Jun	4.4	2.74	3.37	-15.8	8	0.0%	0.62	-	2.8	5.5	-	1.2	22.2	1,353
Standard Newspapers	Media	Dec	16.15	10.95	10.95	-19.2	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	106
EA Portland	Cement	Jun	8.80	6.06	8.00	20.1	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	56
TransCentury	Finance	Dec	1.47	1.00	1.18	0.9	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	85
Safaricom	Telecom	Mar	42.95	23.10	24.95	-34.3	8,252	49.8%	1.74	1.39	3.5	14.4	5.6	7.2	49.9	1,199,030
											Average	11.8	6.8	7.0	54.1	2,402,453

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