

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	16.50	86.1%	BUY
Equity bank	47.71	46.85	1.8%	HOLD
KCB bank	66.26	37.55	76.5%	BUY
Co-op bank	20.33	13.80	47.3%	BUY
ABSA bank	11.97	14.95	-19.9%	SELL
StanChart bank	262.64	230.25	14.1%	HOLD
NCBA bank	36.1	44.00	-18.0%	SELL
I&M bank	35.09	27.45	27.8%	BUY
Stanbic bank	84.7	124.50	-32.0%	SELL
DTB bank	92.65	53.75	72.4%	BUY
EABL	151.28	177.25	-14.7%	HOLD
Bamburi Cement	44.37	69.00	-35.7%	SELL
BAT Kenya	460.00	348.50	32.0%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, Safaricom touched a three-month high on improved local demand, conversely Kakuzi Ltd touched a one-month low on reduced local demand. The NASI broke a five-day climbing streak. Foreign investors remained net sellers at USD 1.7m (KES 213.7m). Safaricom registered the highest net foreign outflows at USD 1.8m (KES 236.9m), while EABL recorded the highest net foreign inflows at USD 0.4m (KES 61.1m).

### Debt market commentary and outlook

- Overall subscription rates climbed to 357.3% from 337.2% the preceding week, sustaining a month's gaining streak. Investors remained skewed on the 91-Day T-Bill as activity rose for the 91-Day T-Bill, and fell for the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a fourteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling consecutively for the thirteenth week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,853.8	11.7%	9.7%	22.4%	28.4%	20.8%	23.5%
Kenya NASI	115.5	10.3%	8.3%	24.5%	34.7%	12.1%	25.4%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.1%	6.6%	4.6%	0.5%	33.1%	0.8%
Johannesburg Index	-0.8%	-3.1%	15.4%	10.8%	8.5%	-12.3%
Nigeria Stock Exchange	1.2%	1.4%	-3.8%	-18.4%	-9.3%	1.1%
Ghana Stock Exchange	-0.1%	-2.6%	-4.2%	12.1%	-1.7%	0.4%
Egyptian Stock Exchange	1.1%	-4.1%	7.5%	11.2%	-28.1%	-5.7%
MSCI EFM ex SA Index	-0.3%	-0.9%	2.6%	3.1%	9.8%	33.2%

### Other market statistics

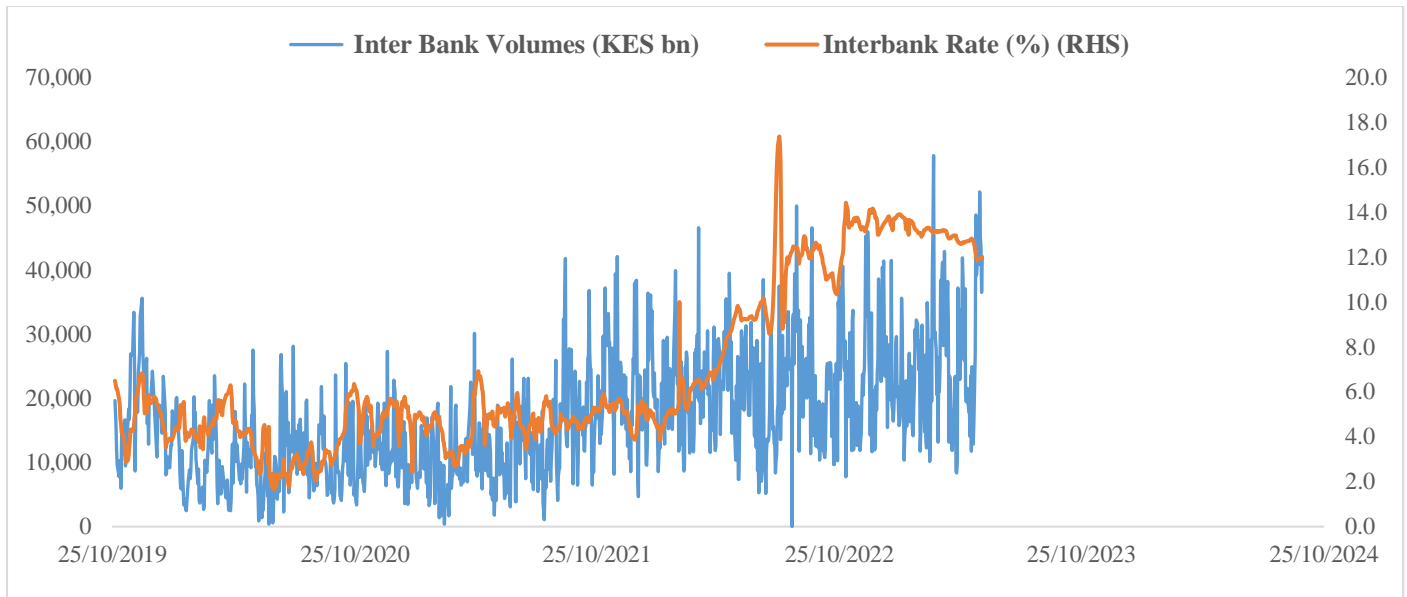
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.98	0.1%	-0.1%	1.7%	3.0%	11.4%	4.2%
USD/ZAR	17.67	-0.3%	-2.8%	6.8%	2.9%	0.2%	-2.5%
USD/EGP	48.76	-0.3%	-0.6%	-0.1%	-0.9%	-35.5%	0.0%
USD/NGN	1645.00	-0.5%	1.9%	-4.1%	-18.1%	-38.2%	12.6%
USD/GHS	16.15	-0.6%	-1.8%	-1.7%	-12.5%	-12.3%	0.5%

### 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	589.2	-236.9	67.5%	4.1%	18.7%	-14.5%	41.6%
EABL	291.8	61.1	88.7%	-4.7%	55.5%	-11.3%	77.3%
KCB Bank	89.1	-23.2	40.1%	-3.8%	71.5%	-3.8%	138.4%
KPLC	26.0	0.7	1.3%	0.3%	146.5%	-7.2%	159.3%
BAT Kenya	23.4	-15.4	32.9%	-0.1%	-14.5%	-20.2%	5.0%

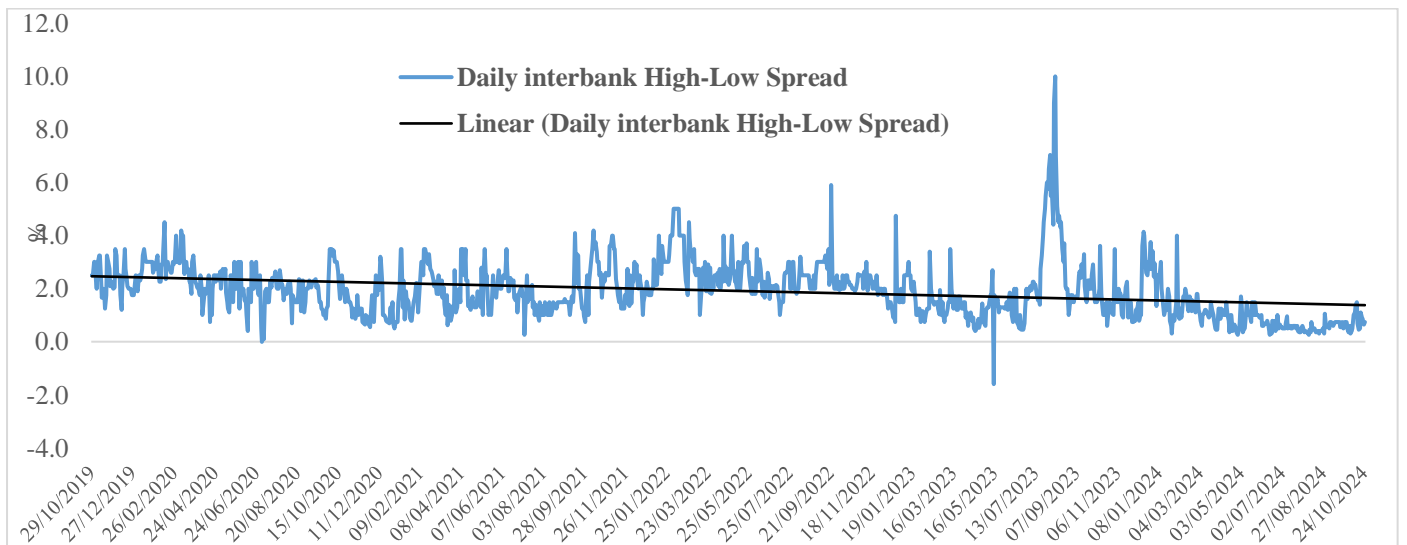
### Key Rates and Spreads

Inter-bank Rates rise week on week, sustaining a two-week gaining streak.



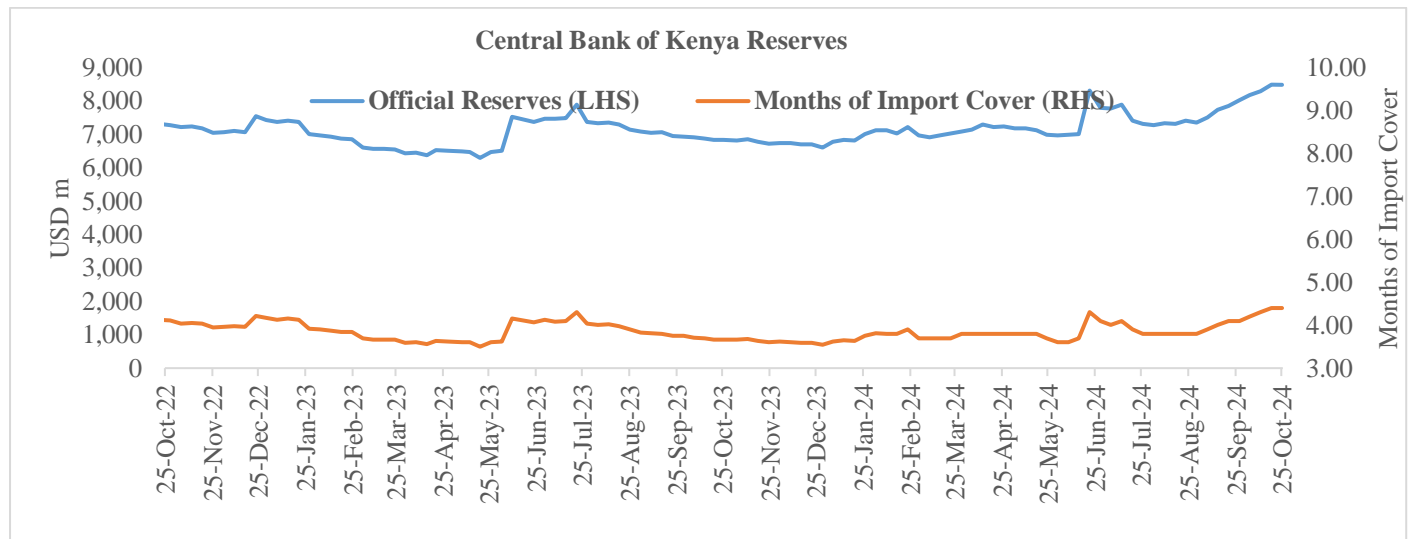
Source: CBK

Interbank spreads narrow for the second week.



Source: CBK

**Months of import cover and CBK FX hold steady from the previous week.**



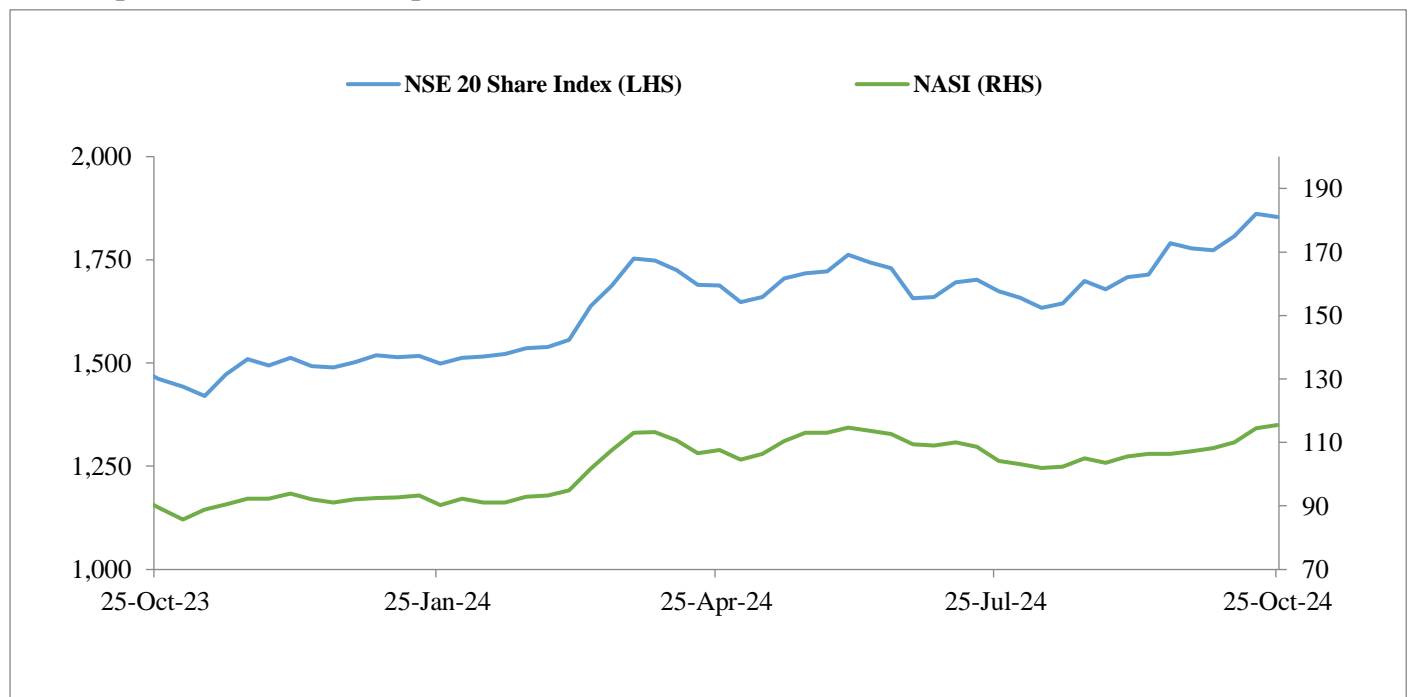
Source: CBK

**Equity market trading commentary**

Market turnover improved by 104.6%, breaking a four-week losing streak to settle at USD 12.7m (KES 1.6bn). The NASI rose by 0.8% to halt at 115.49, sustaining a two-month gaining streak. The NSE-20 retreated by 0.4 % to conclude at 1853.76, breaking a two-week climbing streak. Foreign investors remained net sellers at USD 1.7m (KES 213.7m). Safaricom registered the highest net foreign outflows at USD 1.8m (KES 236.9m), while EABL recorded the highest net foreign inflows at USD 0.4m (KES 61.1m).

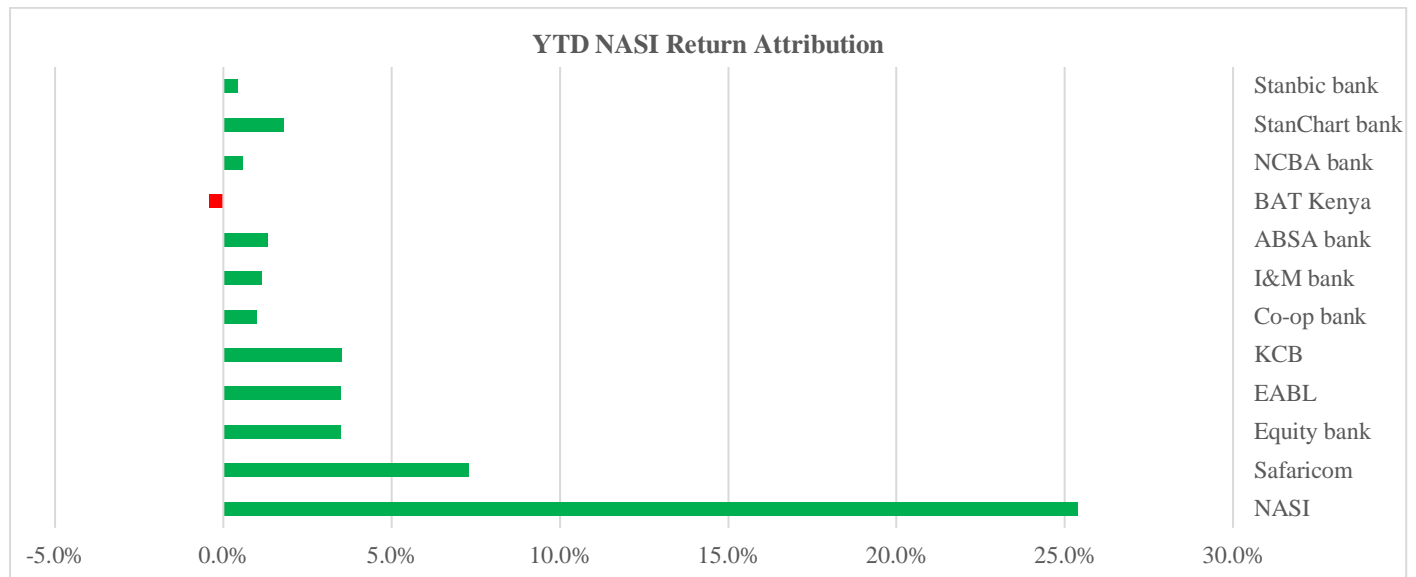
During the week, Safaricom touched a three-month high on improved local demand while Kakuzi Ltd touched a one-month low on reduced local demand. The NASI broke a five-day climbing streak.

**Market performance over the past 12 months**



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

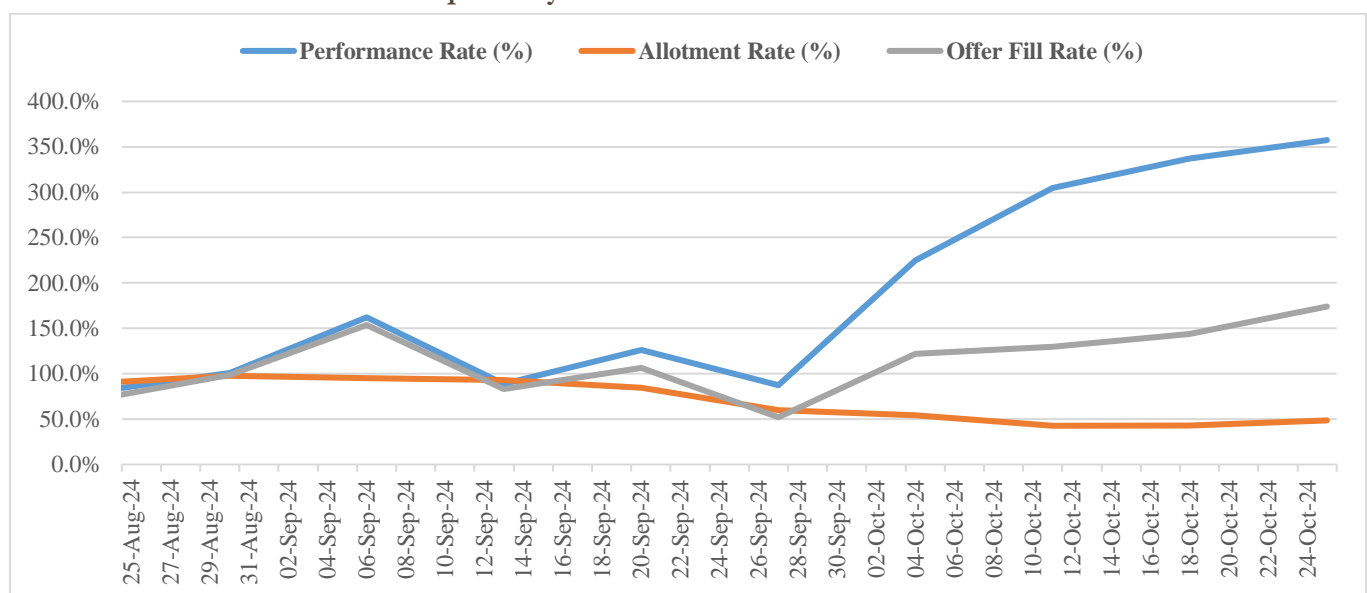
Overall subscription rates climbed to 357.3% from 337.2% the preceding week, sustaining a month’s gaining streak. Investors remained skewed on the 91-Day T-Bill as activity rose for the 91-Day T-Bill, and fell for the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a fourteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling consecutively for the thirteenth week.

The CBK also 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 34.2 bn for the 91-Day T-Bill, implying a subscription rate of 855.70%. It accepted bids worth KES 19.3 bn at an average yield of 14.432% (-33.4 bps w/w).

The 182-Day T-Bill received bids worth KES 28.1 bn, implying a performance rate of 281.47%. It accepted bids worth KES 10.9 bn at an average yield of 15.147% (-49.0 bps w/w)

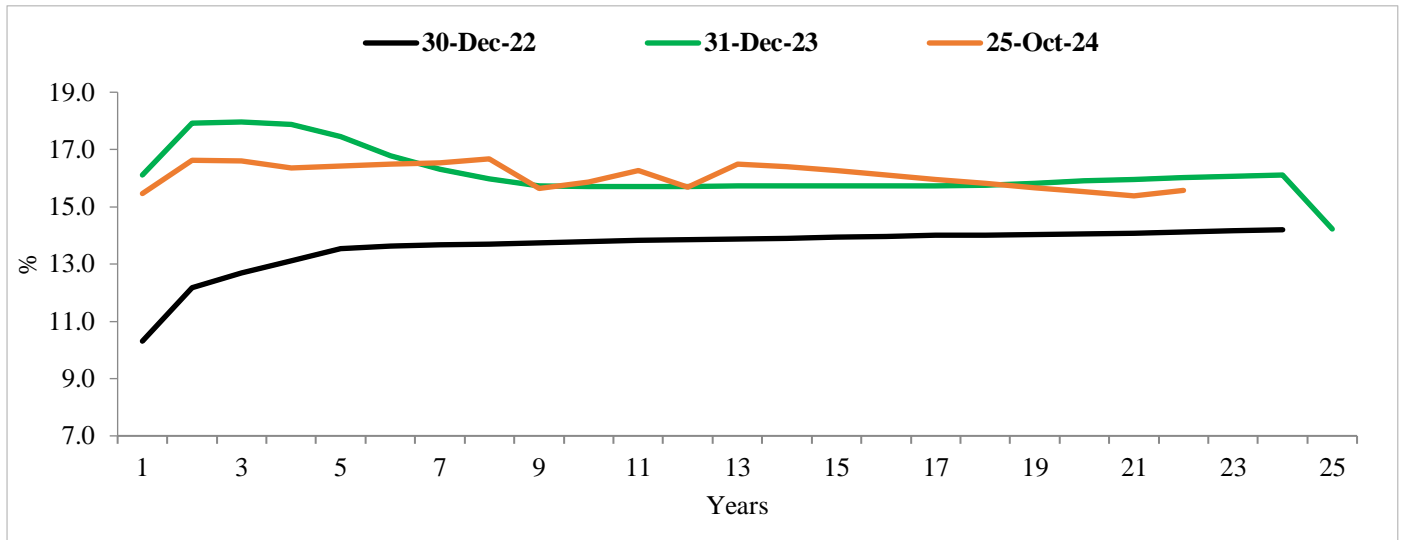
The 364-Day T-Bill received bids worth KES 23.4 bn, implying a performance rate of 233.84%. It accepted bids worth KES 11.5 bn at an average yield of 15.469% (-44.2 bps w/w).

### T-Bills Performance rates rise repeatedly for the fourth week



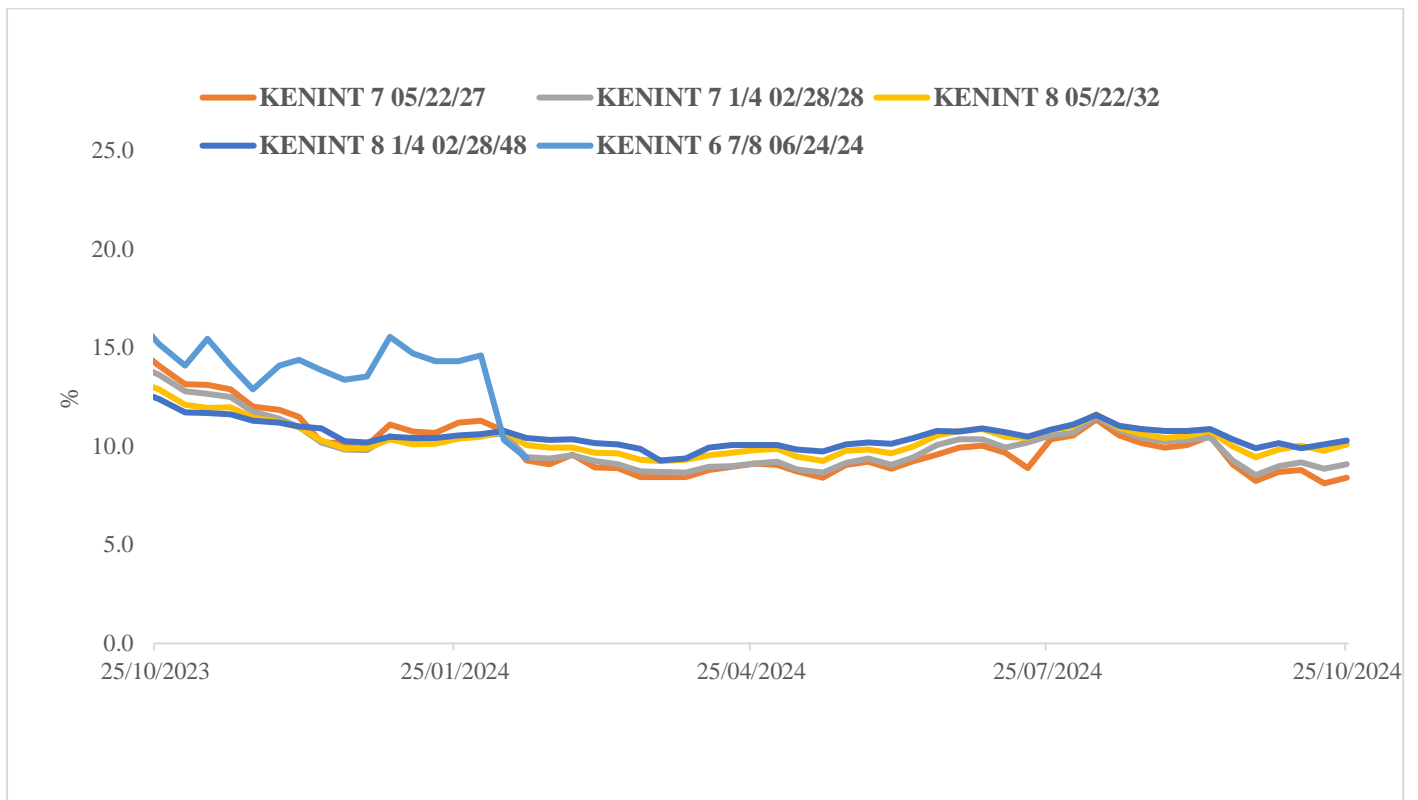
Source: CBK

### Kenya Domestic Yield Curve



Source: CBK

### Kenya Eurobond Yields



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading <sup>1</sup> vol (USD)
Safaricom	Telecom	Mar	19.30	11.65	16.50	18.7	5,117	36.4%	1.06	1.20	4.7	15.5	7.3	3.5	22.7	822,405
Equity Bank	Banking	Dec	49.20	33.65	46.85	39.2	1,368	9.7%	11.94	-	48.7	3.9	-	1.0	24.5	275,530
EA Breweries	Breweries	Jun	95.00	67.00	177.25	55.5	1,085	7.7%	11.38	6.00	27.1	15.6	3.4	6.5	42.0	141,496
Co-op Bank	Banking	Dec	15.05	10.20	13.80	21.1	627	4.5%	4.10	-	18.4	3.4	-	0.7	22.2	50,289
NCBA Bank	Banking	Dec	45.20	35.00	44.00	13.0	561	4.0%	13.31	1.50	53.7	3.3	3.4	0.8	24.8	23,191
Absa Bank	Banking	Dec	14.95	10.75	14.95	30.6	628	4.5%	3.46	0.20	12.0	4.3	1.3	1.2	28.7	48,268
KCB Bank	Banking	Dec	39.05	15.75	37.55	71.5	934	6.6%	13.30	1.50	68.1	2.8	4.0	0.6	19.5	306,547
StanChart Bank	Banking	Dec	230.75	150.50	230.25	42.1	673	4.8%	18.36	8.00	158.0	12.5	3.5	1.5	11.6	37,834
Stanbic Bank	Banking	Dec	130.00	100.25	124.50	14.5	381	2.7%	31.16	1.84	140.8	4.0	1.5	0.9	22.1	17,512
BAT Kenya	Tobacco	Dec	95.00	67.00	348.50	-14.5	270	1.9%	48.82	5.00	163.8	7.1	1.4	2.1	29.8	57,820
BK Group	Banking	Dec	37.00	30.15	34.00	-5.0	236	1.7%	11.45	3.28	46.8	3.0	9.7	0.7	24.5	51,249
I&M Holdings	Banking	Dec	34.24	16.75	27.45	56.9	351	2.5%	8.13	-	47.8	3.4	-	0.6	17.0	36,917
Umeme Ltd.	Power	Dec	4.11	4.00	16.30	1.9	205	1.5%	0.26	0.92	22.0	62.3	5.6	0.7	1.2	3,917
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.2%	2.63	-	(14.7)	1.5	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	69.00	92.5	194	1.4%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	58,314
KenGen	Power	Jun	3.24	1.96	3.18	58.2	162	1.2%	0.49	-	41.6	6.5	-	0.1	1.2	22,706
Jubilee Insurance	Insurance	Dec	6.38	4.48	2.09	-10.8	93	0.7%	67.32	2.00	613.8	2.5	1.2	0.3	11.0	9,896
DTB Bank	Banking	Dec	55.75	43.25	53.75	19.3	116	0.8%	25.83	-	256.8	2.1	-	0.2	10.1	18,783
Britam	Insurance	Dec	6.38	4.48	5.50	14.8	107	0.8%	1.45	-	9.2	3.8	-	0.6	15.6	2,055
Total Oil	Oil	Dec	3.77	1.35	21.45	19.2	105	0.7%	5.12	-	48.0	4.2	-	0.4	10.7	854
Kakuzi	Agric	Dec	439.75	353.50	397.25	3.2	60	0.4%	34.98	-	303.5	11.4	-	1.3	11.5	2,294
CIC Insurance	Insurance	Dec	6.38	4.48	5.50	-6.7	42	0.3%	0.55	-	3.3	3.8	-	0.6	16.9	1,346
Centum Investment	Finance	Mar	9.92	7.88	9.68	15.2	50	0.4%	(8.95)	0.32	55.8	-	3.3	0.2	(16.1)	13,025
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	82.00	22.50	69.00	-13.2	34	0.2%	(0.47)	4.00	24.1	-	5.8	2.9	(2.0)	58,314
Kenya Re	Insurance	Dec	2.87	1.04	1.17	-37.8	25	0.2%	1.78	-	13.4	0.7	-	0.1	13.2	15,711
Sasini Tea & Coffee	Agric	Sept	24.00	16.25	16.25	-18.8	29	0.2%	3.11	1.00	61.7	5.2	6.2	0.3	5.0	771
Carbacid	Gases	July	24.10	14.55	22.80	52.0	45	0.3%	4.01	-	13.6	5.7	-	1.7	12.6	5,721
Nation Media	Media	Dec	22.00	14.30	14.50	-27.7	21	0.2%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,097
Kenya Power	Power	Jun	3.77	1.35	3.50	146.5	53	0.4%	(0.89)	-	29.1	-	-	0.1	(3.0)	32,989
TPSEA Serena	Tourism	Dec	20.05	11.00	13.80	-16.1	19	0.1%	8.08	-	33.3	1.7	-	0.4	24.3	346
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.17	109.2	32	0.2%	2.04	-	15.9	3.8	-	0.5	12.8	204
BOC Kenya	Gases	Dec	95.00	67.00	79.00	-3.7	12	0.1%	10.73	2.50	85.1	7.4	3.2	0.9	12.6	2,719
NSE	Finance	Dec	6.62	5.44	5.74	-4.7	12	0.1%	0.21	-	7.1	27.2	-	0.8	3.0	1,307
Housing Finance	Banking	Dec	4.79	3.25	4.52	29.9	13	0.1%	1.23	-	20.5	3.7	-	0.2	6.0	185
Unga Ltd	Food	Jun	1.53	1.00	0.27	-10.1	9	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	196
Sanlam Kenya	Insurance	Dec	2.87	1.04	7.72	-4.3	6	0.0%	2.27	-	3.9	2.5	-	1.5	58.6	1,346
Car & Gen	Motors	Sept	30.40	18.85	21.05	-15.8	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	120
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.0%	0.11	-	80.9	3,208.8	-	4.5	0.1	32
WPP Scangroup	Media	Dec	2.60	1.90	2.45	12.4	8	0.1%	0.06	-	11.9	38.5	-	0.2	0.5	823
EA Portland	Cement	Jun	82.00	22.50	1.03	175.0	15	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	873
Standard Newspapers	Media	Dec	8.70	5.10	5.90	-23.8	4	0.0%	(10.05)	-	0.4	-	-	13.4	(2,284)	21
Longhorn	Publishing	Jun	2.6	2.02	2.30	-4.6	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	55
TransCentury	Finance	Dec	9.92	7.88	2.85	-21.2	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	469
<b>Average</b>												<b>14.0</b>	<b>5.3</b>	<b>2.3</b>	<b>20.8</b>	<b>2,138,606</b>
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