

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.95	33.70	0.7%	HOLD
Equity bank	60.84	47.90	27.0%	BUY
KCB bank	59.61	37.45	59.2%	BUY
Co-op bank	16.15	12.70	27.2%	BUY
ABSA bank	12.47	9.98	24.9%	BUY
StanChart bank	134.08	128.50	4.3%	HOLD
NCBA bank	33.44	26.00	28.6%	BUY
I&M bank	21.43	18.20	17.7%	BUY
Stanbic bank	94.83	105.25	-9.9%	HOLD
DTB bank	106.48	55.00	93.6%	BUY
EABL	256.11	144.00	77.9%	BUY
Bamburi Cement	89.84	37.05	142.5%	BUY
BAT Kenya	521.50	433.75	20.2%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

Last week, the NASI (-3.0% w/w) and NSE 20 (-2.9% w/w) hit fresh 12-month lows as KCB bank (-12.9% w/w), ABSA bank (-20.8% w/w), StanChart bank (-11.4% w/w) and BAT Kenya (-11.1% w/w) traded ex-dividend. The indices were also weighed by losses on Safaricom (-1.5% w/w) which hit a 16-month low on the back of foreign selling. Equity bank (-3.7% w/w) traded down to a 5-month low, largely driven by foreign selling.

Debt market commentary and outlook

- Overall subscription rates rose further to 117.8%, up from 98.9% printed in the previous week. The yields on the 91-Day and 182-Day T-Bills edged higher for the seventh consecutive week. Similarly, the yield on the 364-Day T-Bill inched up for the third week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,800.6	-2.9%	-2.4%	-5.2%	-8.2%	-3.5%	-5.4%
Kenya NASI Return	150.2	-3.0%	-3.8%	-9.0%	-15.6%	-11.2%	-9.8%
FTSE NSE Kenya 15 Return	187.1	-6.1%	-6.6%	-9.0%	-10.6%	-1.2%	-10.7%
FTSE NSE Kenya 25 Return	199.1	-4.5%	-5.2%	-10.0%	-15.2%	-8.8%	-9.7%
FTSE Kenya Bond Index Return	1,800.6	-2.9%	-2.4%	-5.2%	-8.2%	-3.5%	-5.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.1%	-4.3%	-11.8%	-11.4%	-17.3%	-12.1%
Johannesburg Index	-4.1%	-13.6%	-8.3%	4.7%	-3.1%	-3.1%
Nigeria Stock Exchange	0.8%	3.8%	3.2%	12.3%	20.3%	16.0%
Ghana Stock Exchange	-0.1%	-1.5%	-16.8%	-23.1%	-19.2%	-20.9%
Egyptian Stock Exchange	5.1%	-3.0%	-19.4%	-18.0%	-10.7%	-21.6%
MSCI EFM ex SA Index	-0.7%	-1.7%	-12.2%	-10.9%	-7.2%	-11.2%

Other market statistics

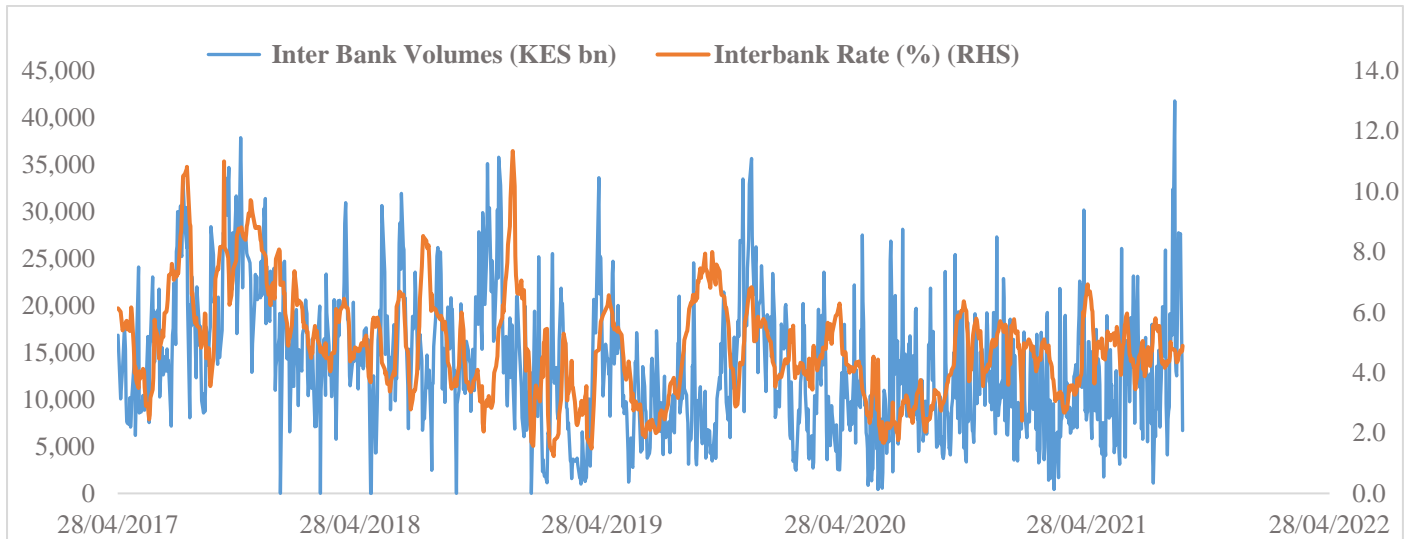
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)
USD/KES	115.81	-0.1%	-0.6%	-1.9%	-2.9%	-6.9%
USD/ZAR	15.95	-2.3%	-8.3%	-3.8%	1.3%	-9.1%
USD/EGP	18.52	0.3%	-1.3%	-15.0%	-15.0%	-15.4%
USD/NGN	418.99	-0.5%	-0.7%	-0.2%	-1.2%	-2.1%
USD/GHS	7.53	-0.2%	0.1%	-15.9%	-18.5%	-23.3%

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	370.2	-66.1	81.2%	-1.5%	-11.2%	-25.0%	0.0%
Equity bank	290.6	55.8	82.1%	-3.7%	-9.2%	-11.7%	22.3%
NCBA bank	79.8	0.2	0.2%	-0.8%	3.2%	-7.6%	13.0%
KCB bank	45.6	-8.7	50.2%	-12.9%	-17.6%	-24.9%	0.0%
Stanbic bank	41.4	5.6	6.8%	5.3%	20.6%	0.0%	32.4%

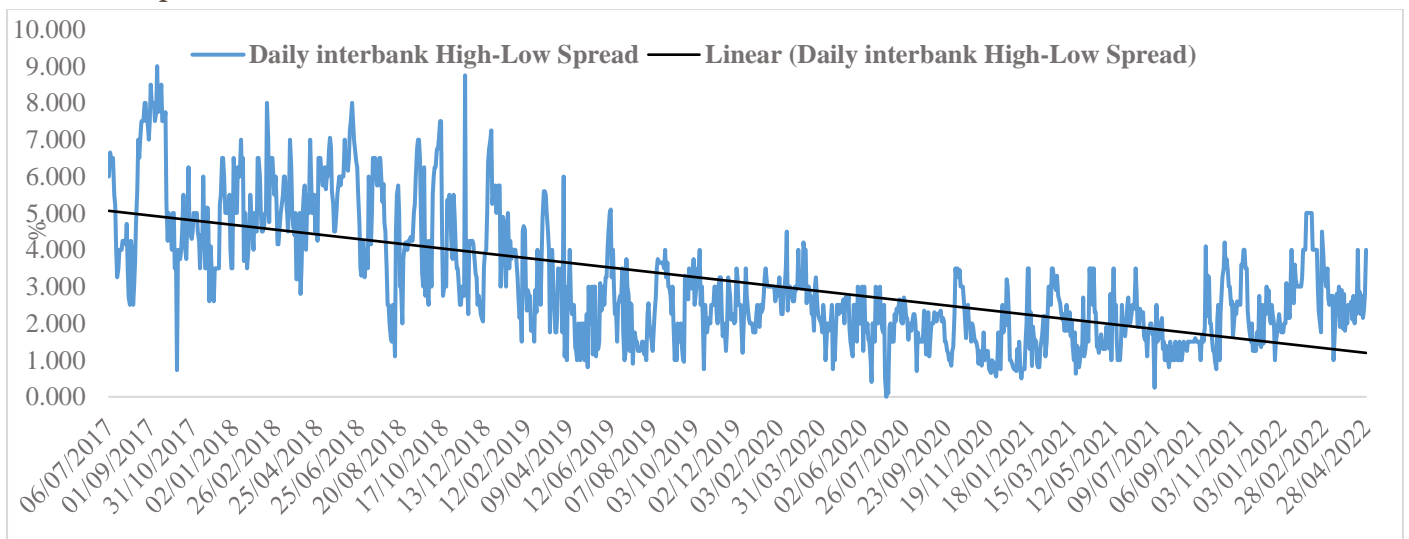
Key Rates and Spreads

Inter-bank rate rises to a 3-week high



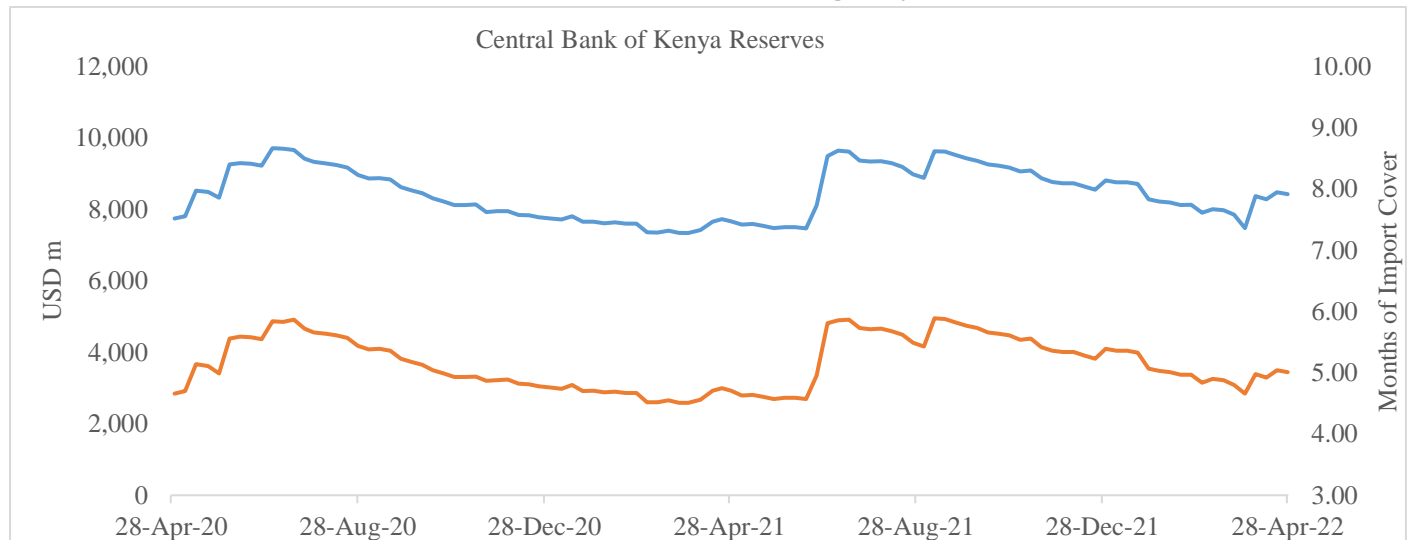
Source: CBK

Inter-bank spread widens week-on-week



Source: CBK

Forex reserves and import cover decline week-on-week, albeit marginally



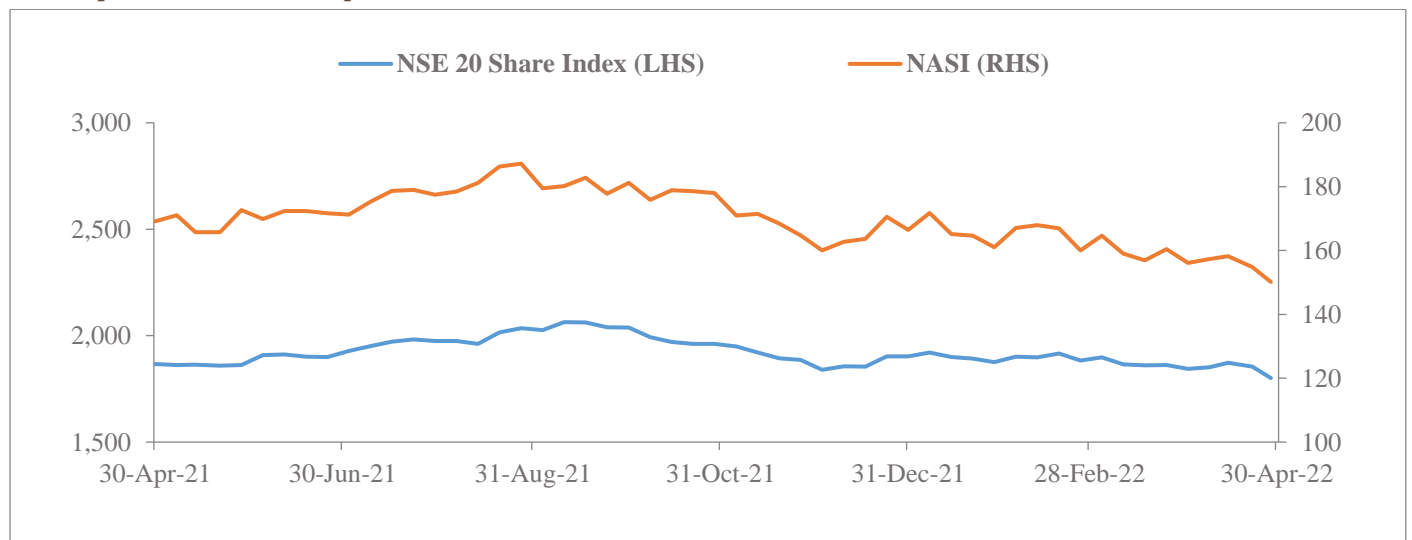
Source: CBK

Equity market trading commentary

Weekly turnover declined by 49.9% to stand at USD 8.4m (KES 1.0bn). The NASI (-3.0% w/w) and NSE 20 (-2.9% w/w) extended their losses from the previous week as a few large-cap stocks traded ex-dividend during the week. Foreign investors drove activity at the bourse, accounting for 60.6% of the week’s turnover. Net foreign outflows settled at USD 0.2m (KES 19.2m) as foreign investors sustained an 11-week net selling streak. Safaricom recorded the highest net foreign outflows at USD 0.6m (KES 66.1). EABL and KCB recorded net foreign outflows, albeit at a margin of USD 87.4k (KES 10.1m) and USD 75.4k (KES 8.7m), respectively. On the other hand, foreign investors turned net buyers on Equity bank at USD 0.5m (KES 55.8m). For the second week in a row, Stanbic bank registered net foreign inflows at USD 48.3k (KES 5.6m).

Last week, the NASI (-3.0% w/w) and NSE 20 (-2.9% w/w) hit fresh 12-month lows as KCB bank (-12.9% w/w), ABSA bank (-20.8% w/w), StanChart bank (-11.4% w/w) and BAT Kenya (-11.1% w/w) traded ex-dividend. The indices were also weighed by losses on Safaricom (-1.5% w/w) which hit a 16-month low on the back of foreign selling. Equity bank (-3.7% w/w) traded down to a 5-month low, largely driven by foreign selling. Bamburi cement (+2.9% w/w) touched a 1-month high following FY21 earnings release (EPS: +23.9% y/y).

Market performance over the past 12 months



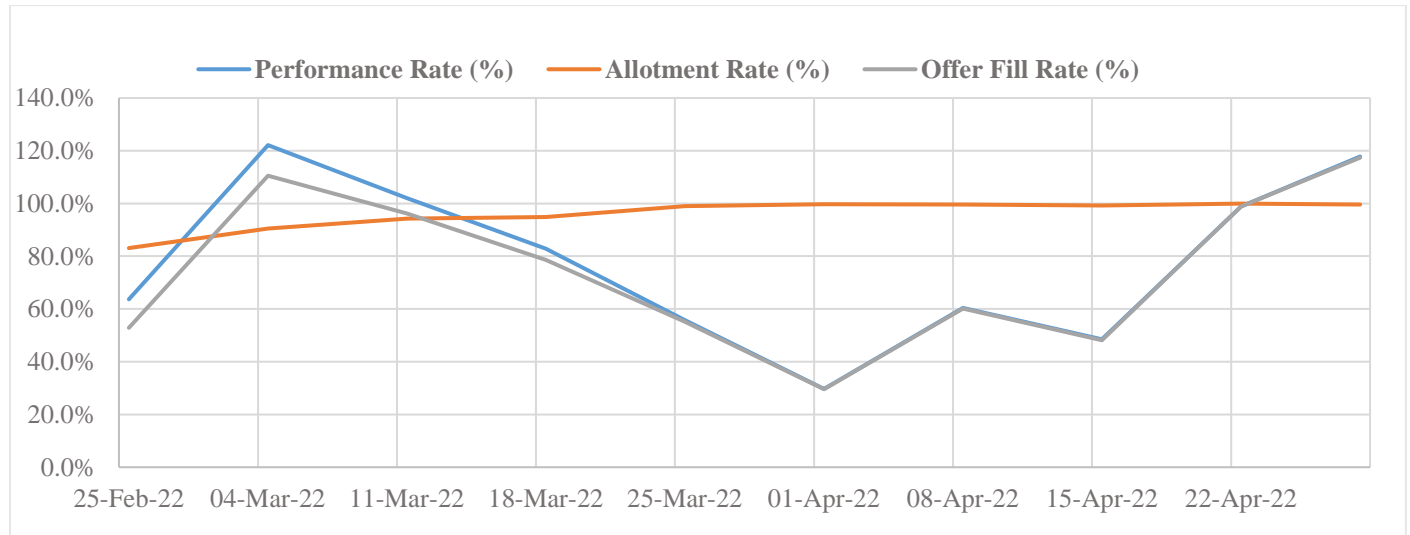
Source: NSE

Debt market trading commentary

Overall subscription rates rose further to 117.8%, up from 98.9% printed in the previous week. The yields on the 91-Day and 182-Day T-Bills edged higher for the seventh consecutive week. Similarly, the yield on the 364-Day T-Bill inched up for the third week in a row.

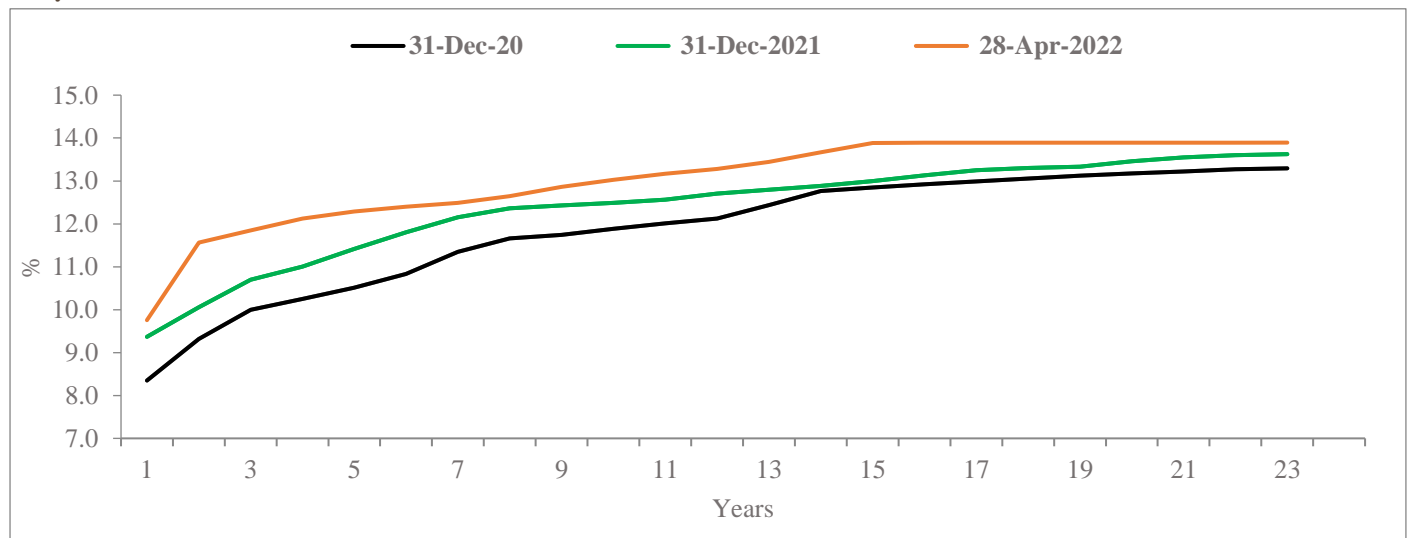
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 10.2bn for the 91-Day T-Bill, implying a subscription rate of 254.6%. It accepted bids worth KES 10.2bn at an average yield of 7.497% (+4.9bps w/w). The 182-Day T-Bill received bids worth KES 8.5bn, implying a performance rate of 87.0%. It accepted bids worth KES 8.7bn at an average yield of 8.458% (+8.5bps w/w). The 364-Day T-Bill received bids worth KES 9.4bn, implying a performance rate of 93.9%. It accepted bids worth KES 9.3bn at an average yield of 9.776% (+2.1bps w/w).

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



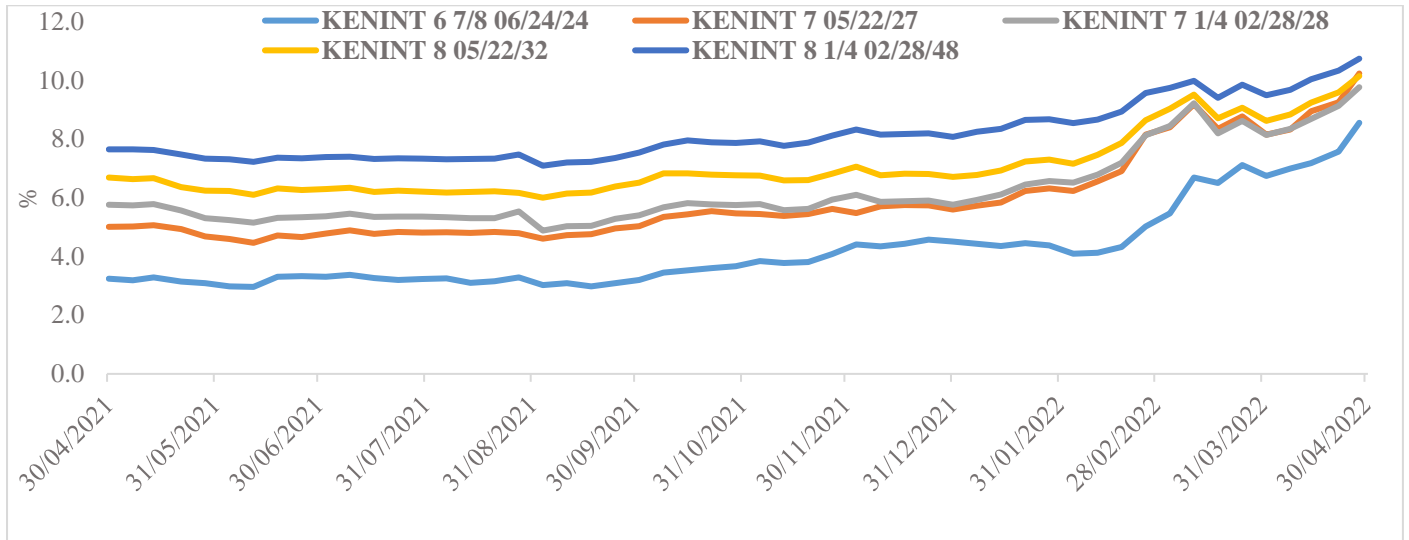
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all maturities rise for the fourth consecutive week



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	33.70	33.70	-11.2	11,663	57.4%	1.81	2.01	3.4	18.6	6.0	9.9	53.2	1,861,134
Equity Bank	Banking	Dec	54.25	39.15	47.90	-9.2	1,561	7.7%	10.38	3.00	44.8	4.6	6.3	1.1	23.2	476,443
KCB Bank	Banking	Dec	49.90	37.45	37.45	-17.6	1,040	5.1%	10.61	3.00	53.4	3.5	8.0	0.7	19.9	419,198
EA Breweries	Breweries	Jun	193.75	144.00	144.00	-12.7	984	4.8%	11.25	3.75	17.5	12.8	2.6	8.2	64.3	205,365
Co-op Bank	Banking	Dec	13.95	11.80	12.70	-1.9	644	3.2%	2.82	1.00	17.1	4.5	7.9	0.7	16.5	33,340
Absa Bank	Banking	Dec	12.70	8.66	9.98	-15.8	468	2.3%	2.00	1.10	10.4	5.0	11.0	1.0	19.3	62,786
StanChart Bank	Banking	Dec	146.25	124.00	128.50	0.2	419	2.1%	23.93	19.00	140.8	5.4	14.8	0.9	17.0	151,367
BAT Kenya	Tobacco	Dec	509.00	420.25	433.75	-1.8	375	1.8%	64.83	50.00	149.7	6.7	11.5	2.9	43.3	83,874
NCBA Bank	Banking	Dec	28.15	23.00	26.00	3.2	370	1.8%	6.21	3.00	47.3	4.2	11.5	0.6	13.1	29,397
Stanbic Bank	Banking	Dec	105.25	79.50	105.25	20.6	359	1.8%	18.23	7.30	142.8	5.8	6.9	0.7	12.8	94,602
I&M Holdings	Banking	Dec	22.48	18.20	18.20	-13.7	260	1.3%	4.92	1.50	42.1	3.7	8.2	0.4	11.7	9,552
Bank of Kigali	Banking	Dec	40.00	24.30	30.00	3.4	232	1.1%	6.50	3.22	35.7	4.6	10.7	0.8	18.2	6,861
KenGen	Power	Jun	4.98	3.54	3.55	-15.3	202	1.0%	0.16	0.18	32.4	22.3	5.1	0.1	0.5	13,914
Kenya Airways	Airlines	Dec	3.99	3.83	3.83	0.0	188	0.9%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	390.00	248.50	264.00	-16.7	165	0.8%	94.22	14.00	544.4	2.8	5.3	0.5	17.3	8,671
Britam	Insurance	Dec	8.38	6.60	6.76	-9.9	147	0.7%	0.03	-	7.5	236.5	-	0.9	0.4	2,657
DTB Bank	Banking	Dec	69.00	54.75	55.00	-7.6	133	0.7%	13.98	3.00	240.7	3.9	5.5	0.2	5.8	7,972
Total Oil	Oil	Dec	26.30	22.05	23.45	-6.2	128	0.6%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	1,276
Bamburi Cement	Cement	Dec	40.75	33.55	37.05	-2.5	116	0.6%	3.58	3.58	83.5	10.3	9.7	0.4	4.3	7,171
Umeme Ltd.	Power	Dec	8.30	5.48	7.84	16.3	110	0.5%	2.74	1.73	17.6	2.9	22.1	0.4	15.6	9,450
Centum Investment	Finance	Mar	17.85	11.95	12.00	-14.9	69	0.3%	(2.42)	0.33	69.7	-	2.8	0.2	(3.5)	8,948
Kakuzi	Agric	Dec	427.00	327.75	400.00	3.9	68	0.3%	27.77	18.00	275.9	14.4	4.5	1.4	10.1	253
Kenya Re	Insurance	Dec	2.68	2.10	2.15	-6.5	52	0.3%	1.06	0.10	13.2	2.0	4.7	0.2	8.0	3,121
CIC Insurance	Insurance	Dec	3.39	2.00	2.10	-5.0	47	0.2%	0.26	-	3.1	8.2	-	0.7	8.4	1,757
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	46	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	42.80	19.65	37.00	21.3	45	0.2%	5.66	-	14.8	6.5	-	2.5	38.4	4,388
Sasini Tea & Coffee	Agric	Sept	22.40	16.85	21.10	12.8	42	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	972
Nation Media	Media	Dec	26.10	14.95	22.10	19.8	36	0.2%	2.59	1.49	42.1	8.5	6.7	0.5	6.2	5,437
Carbacid	Gases	July	13.25	10.00	12.00	9.1	26	0.1%	2.22	0.70	13.5	5.4	5.8	0.9	16.4	3,357
Liberty K. Holdings	Insurance	Dec	9.98	5.36	5.62	-19.7	26	0.1%	0.15	-	15.9	36.8	-	0.4	1.0	91
Kenya Power	Power	Jun	2.02	1.30	1.49	-14.9	25	0.1%	2.65	-	29.3	0.6	-	0.1	9.0	8,612
TPSEA Serena	Tourism	Dec	16.95	11.50	12.00	-21.3	19	0.1%	(4.70)	-	37.5	-	-	0.3	(12.5)	4,500
Unga Ltd	Food	Jun	36.25	26.10	28.15	1.8	18	0.1%	2.89	-	56.2	9.8	-	0.5	5.1	76
NSE	Finance	Dec	10.15	7.00	8.02	0.2	18	0.1%	0.51	1.40	8.0	15.7	17.5	1.0	6.4	2,931
WPP Scangroup	Media	Dec	6.10	3.57	4.19	1.2	16	0.1%	(4.01)	-	12.1	-	-	0.3	(33.2)	2,176
BOC Kenya	Gases	Dec	93.25	61.25	80.50	15.0	14	0.1%	4.78	6.70	84.3	16.9	8.3	1.0	5.7	-
Sanlam Kenya	Insurance	Dec	15.00	9.16	10.15	-12.1	13	0.1%	(1.88)	-	9.5	-	-	1.1	(19.8)	91
Car & Gen	Motors	Sept	76.00	20.00	30.00	-11.6	10	0.1%	22.12	3.20	114.3	1.4	10.7	0.3	19.4	-
Housing Finance	Banking	Dec	4.90	2.91	3.00	-23.1	10	0.0%	(1.54)	-	20.7	-	-	0.1	(7.4)	677
Standard Newspapers	Media	Dec	20.00	11.90	13.00	-4.1	9	0.0%	(1.45)	-	10.6	-	-	1.2	(13.7)	100
Longhorn	Publishing	Jun	4.55	3.31	3.40	-15.0	8	0.0%	0.62	-	2.8	5.5	-	1.2	22.2	182
Limuru Tea	Agric	Dec	360.00	263.00	320.00	0.0	7	0.0%	(0.50)	0.70	75.9	-	0.2	4.2	(0.7)	115
EA Portland	Cement	Jun	9.40	6.06	6.94	4.2	5	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	24
TransCentury	Finance	Dec	1.53	1.01	1.19	1.7	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	46
											Average	15.1	6.5	6.4	39.8	3,536,122

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