

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	17.30	77.5%	BUY
Equity bank	43.67	42.25	3.4%	HOLD
KCB bank	47.26	31.25	51.2%	BUY
Co-op bank	20.46	12.70	61.1%	BUY
ABSA bank	12.89	14.00	-7.9%	HOLD
StanChart bank	138.26	194.00	-28.7%	SELL
NCBA bank	40.68	41.10	-1.0%	HOLD
I&M bank	33.32	21.55	54.6%	BUY
Stanbic bank	108.85	114.25	-4.7%	HOLD
DTB bank	116.13	46.50	149.7%	BUY
EABL	151.28	146.75	3.1%	HOLD
Bamburi Cement	44.37	41.80	6.1%	HOLD
BAT Kenya	460.00	353.75	30.0%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, KCB Bank touched a 5-weeks low on reduced foreign demand.

### Debt market commentary and outlook

- Overall subscription rates reduced further maintaining a 3-weeks losing streak at 32.0% from 60.0% the preceding week. Investors remained skewed on the 91-Day T-Bill and activity went down on all three T-Bills. The yield on all the three T-Bills rose, with the 91-Day T-bill increasing week-on-week and the yield on the 182-Day T-Bill as well as the 364-Day T-Bill climbed up for the ninth straight week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,656.5	-0.2%	-1.9%	9.4%	14.8%	8.0%	10.3%
Kenya NASI	109.5	4.6%	2.7%	18.0%	27.7%	6.2%	18.9%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.5%	-2.2%	-1.4%	44.4%	11.3%	43.6%
Johannesburg Index	-1.5%	7.3%	11.0%	3.8%	8.1%	3.8%
Nigeria Stock Exchange	-0.7%	-1.6%	-10.4%	-19.5%	-17.6%	-19.5%
Ghana Stock Exchange	0.3%	-1.3%	-4.0%	-4.2%	1.5%	-4.2%
Egyptian Stock Exchange	3.8%	1.5%	-0.6%	-27.6%	1.1%	-27.6%
MSCI EFM ex SA Index	-0.5%	-0.6%	-1.4%	3.2%	7.8%	49.3%

## Other market statistics

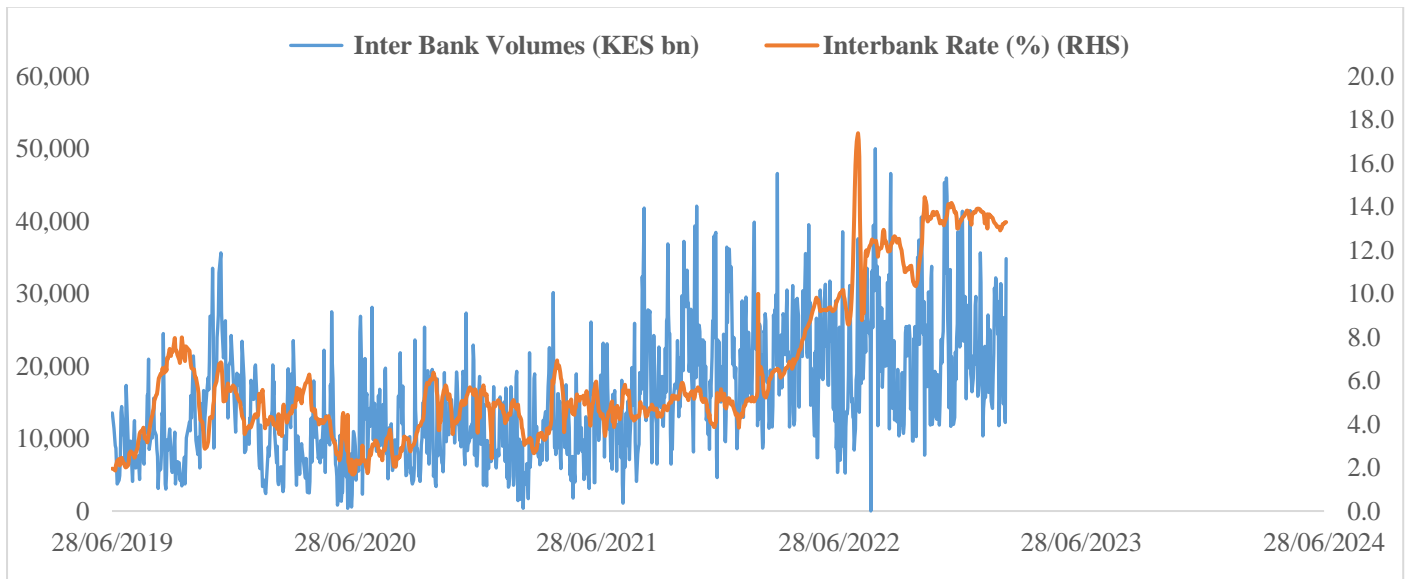
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.26	-0.5%	2.6%	1.8%	21.2%	8.7%	21.3%
USD/ZAR	18.19	-1.2%	0.5%	4.1%	1.7%	3.6%	0.9%
USD/EGP	48.03	-0.7%	-1.1%	-1.4%	-35.7%	-35.7%	-35.6%
USD/NGN	1514.28	-1.3%	-7.4%	-6.3%	-40.8%	-50.0%	-39.8%
USD/GHS	15.28	-0.9%	-4.1%	-13.4%	-21.7%	-25.7%	-21.8%

**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	534.1	-162.0	48.0%	-4.7%	24.5%	-12.2%	48.5%
EABL	73.9	3.3	85.7%	2.8%	28.7%	-11.3%	46.8%
BAT Kenya	68.9	-30.3	22.1%	-0.2%	-13.2%	-21.6%	0.1%
KCB Bank	68.8	7.6	15.7%	-8.5%	42.7%	-17.7%	98.4%
Equity Bank	31.7	22.6	44.1%	-2.6%	25.6%	-14.1%	25.6%

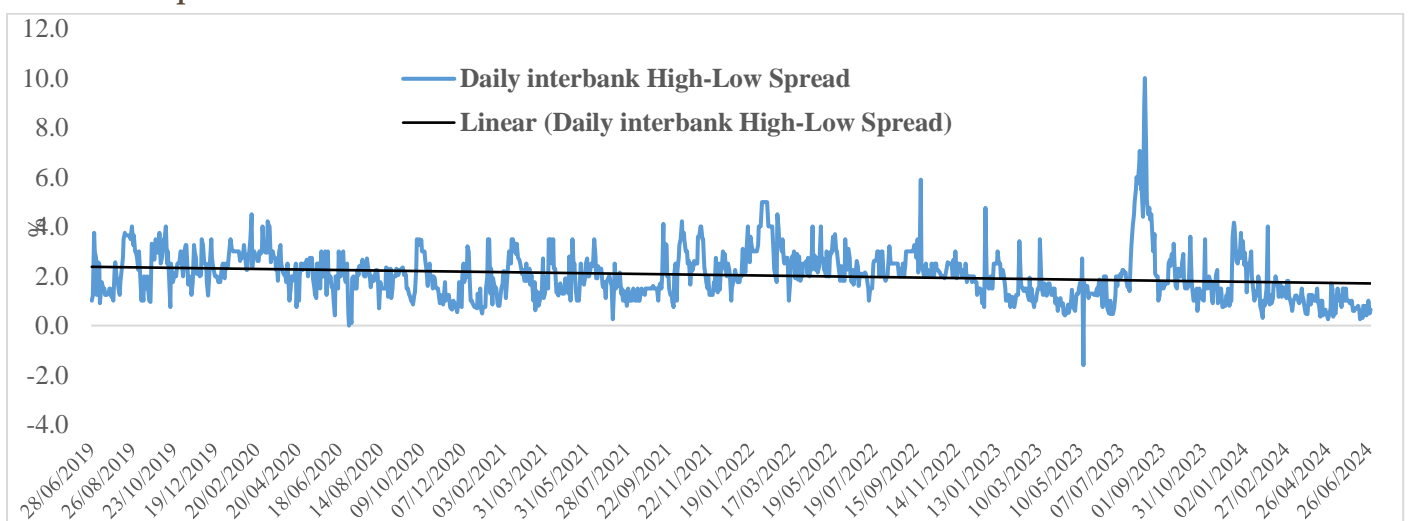
**Key Rates and Spreads**

Inter-bank Rates increase week-on-week, sustaining a 2-weeks gaining streak



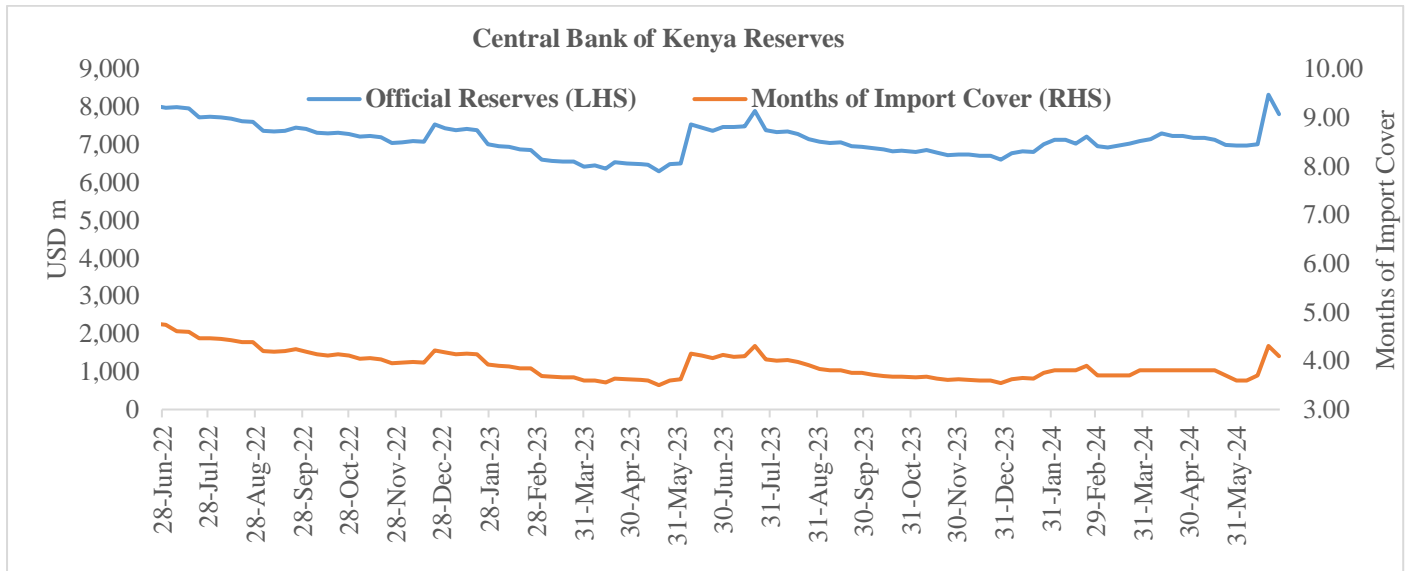
Source: CBK

Inter-bank Spreads narrow week-on-week



Source: CBK

**Months of import cover and CBK FX reserves decline breaking a 3-weeks gaining streak.**



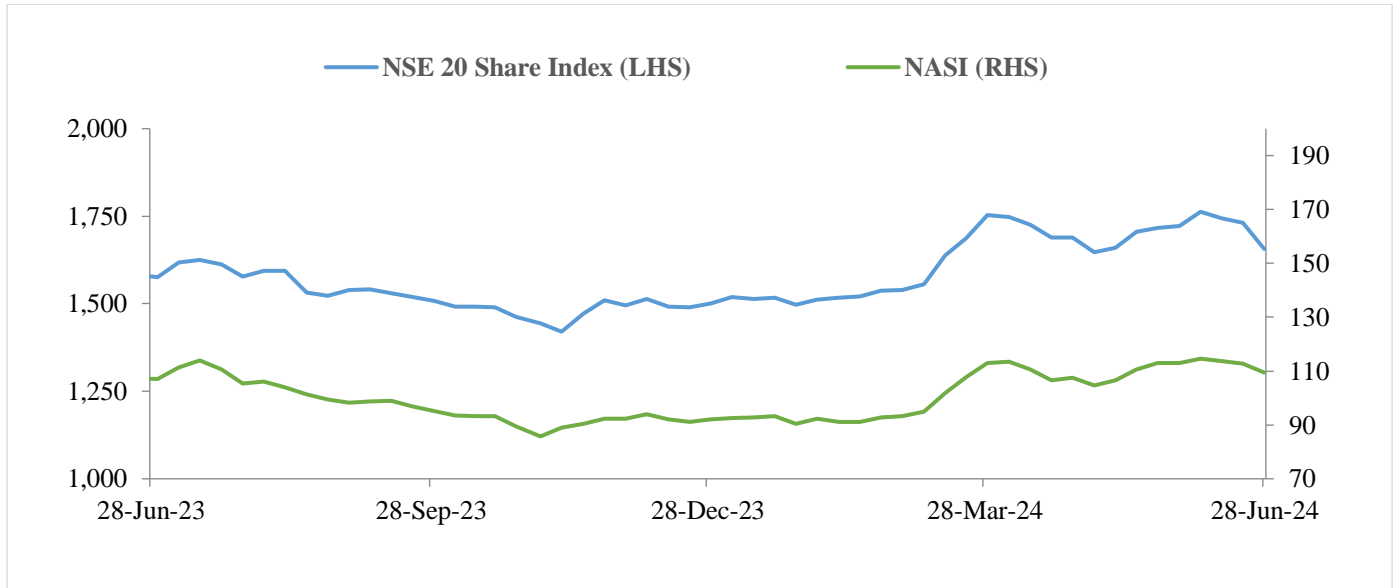
Source: CBK

**Equity market trading commentary**

Market turnover shed 25.3% to stand at USD 6.9m (KES 894.6). The NASI retreated further by 2.9% to settle at 109.49, sustaining a three-week decline and for the third straight week, the NSE 20 also fell by 4.3% to conclude at 1,656.50. Foreign investors turned net sellers at USD 1.8m (KES 140.7m). Safaricom registered the highest net foreign outflows for the week while Equity Bank registered the highest net foreign inflows for the second week straight.

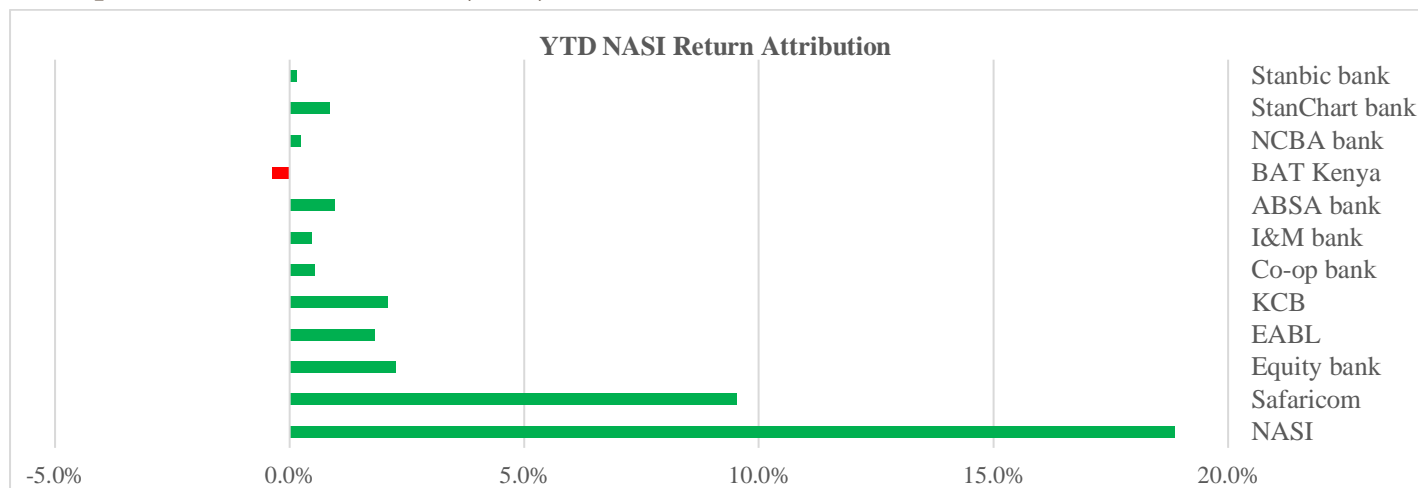
During the week, KCB Bank touched a 5-weeks low on reduced foreign demand.

**Market performance over the past 12 months**



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

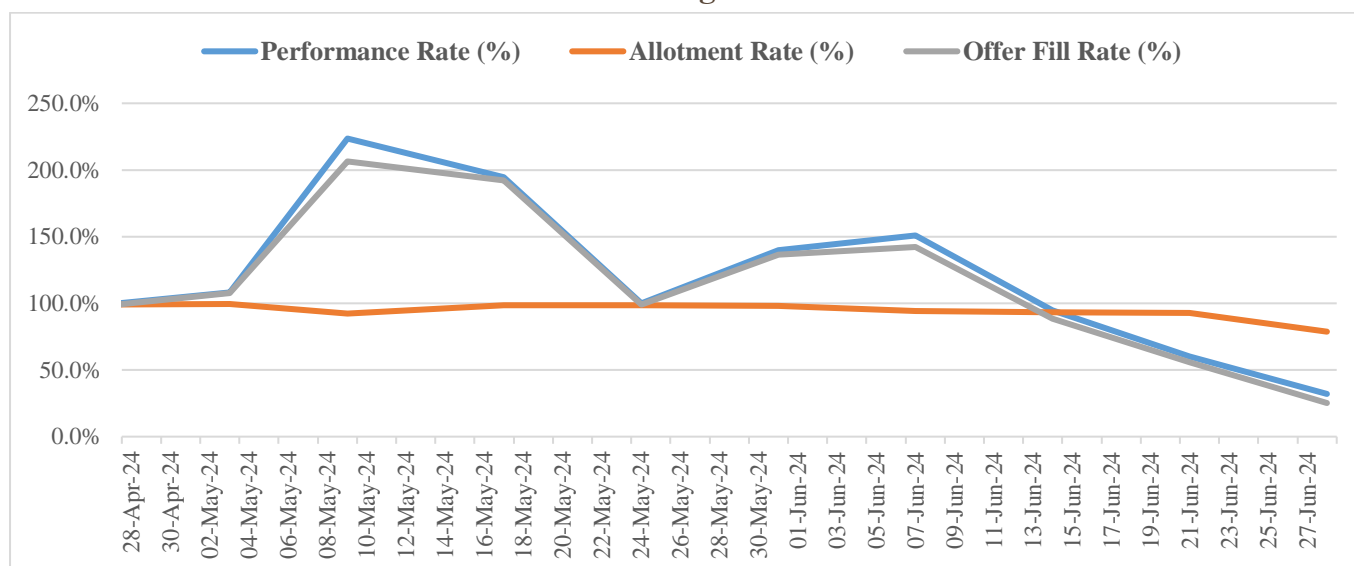
Overall subscription rates reduced further maintaining a 3-weeks losing streak at 32.0% from 60.0% the preceding week. Investors remained skewed on the 91-Day T-Bill and activity went down on all three T-Bills. The yield on all the three T-Bills rose, with the 91-Day T-bill increasing week-on-week and the yield on the 182-Day T-Bill as well as the 364-Day T-Bill climbed up for the ninth straight 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 4.4bn for the 91-Day T-Bill, implying a subscription rate of 109.03%. It accepted bids worth KES 2.7bn at an average yield of 15.977% (0.6 bps w/w).

The 182-Day T-Bill received bids worth KES 1.5bn, implying a performance rate of 14.94%. It accepted bids worth KES 1.5bn at an average yield of 16.764% (+2.6 bps w/w).

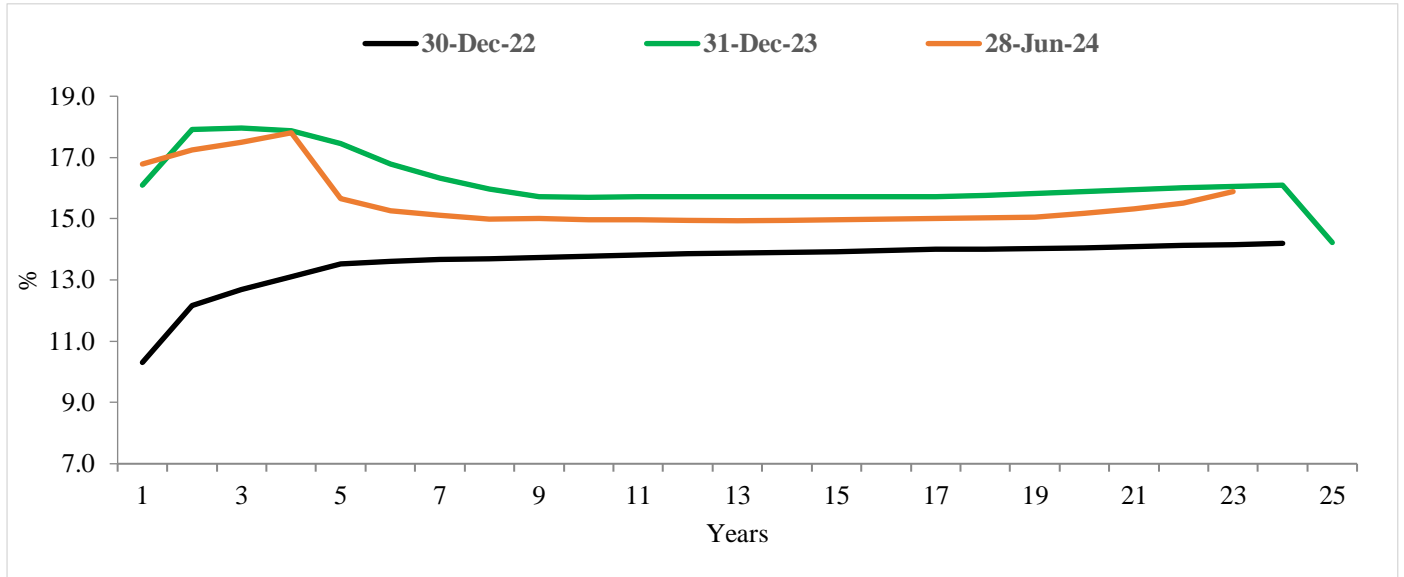
The 364-Day T-Bill received bids worth KES 1.8bn, implying a performance rate of 18.34%. It accepted bids worth KES 1.8bn at an average yield of 16.791% (+3.6 bps w/w).

### T-Bills Performance rates decline for the third straight week



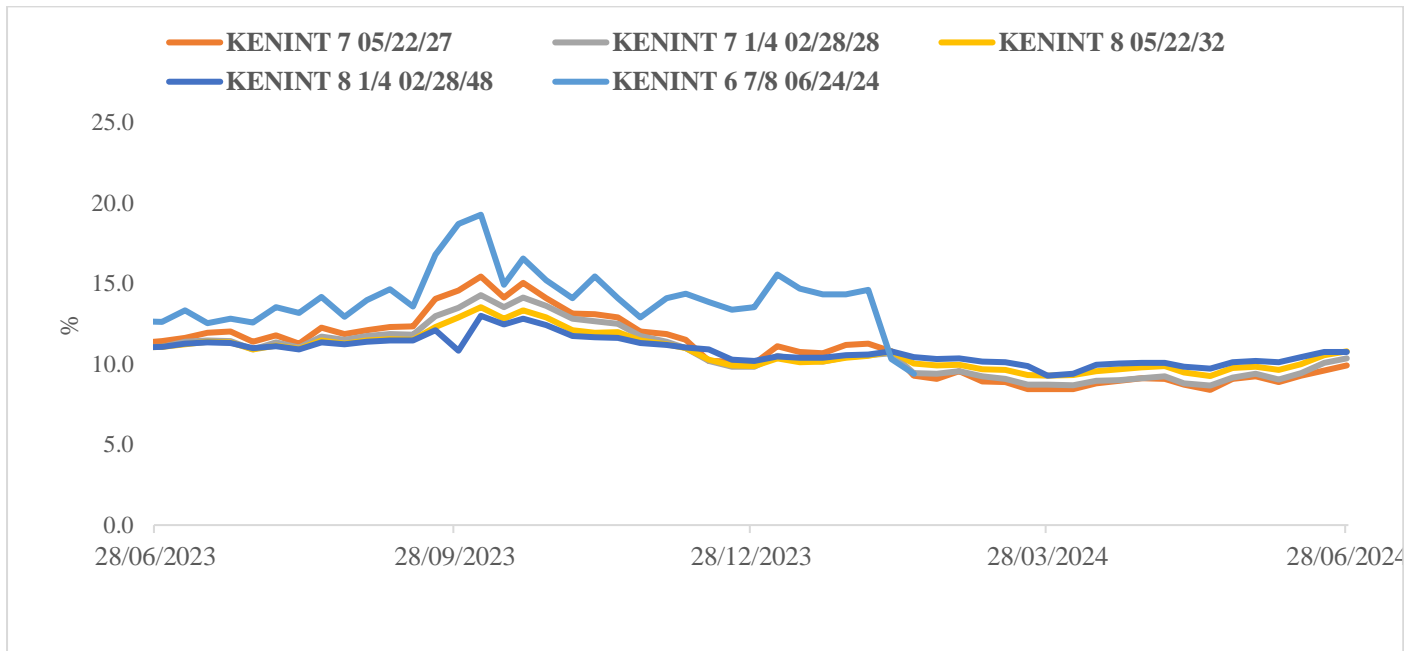
Source: CBK

### 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	19.70	11.65	17.30	24.5	5,351	40.2%	1.06	1.20	4.7	16.2	6.9	3.7	22.7	139,657,307
Equity Bank	Banking	Dec	49.20	33.65	42.25	25.6	1,231	9.3%	11.12	3.00	48.7	3.8	7.1	0.9	22.8	99,453,068
EA Breweries	Breweries	Jun	94.00	67.00	17.90	28.7	896	6.7%	-	1.75	27.1	-	1.2	5.4	-	15,763,539
Co-op Bank	Banking	Dec	15.05	10.20	12.70	11.4	575	4.3%	4.03	1.50	18.4	3.1	11.8	0.7	21.9	14,830,071
NCBA Bank	Banking	Dec	45.20	35.00	41.10	5.5	523	3.9%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	2,933,943
Absa Bank	Banking	Dec	14.20	10.75	14.00	22.3	587	4.4%	2.19	1.55	12.0	6.4	11.1	1.2	18.3	10,651,560
KCB Bank	Banking	Dec	37.95	15.75	31.25	42.7	775	5.8%	13.30	-	68.1	2.4	-	0.5	19.5	80,041,541
StanChart Bank	Banking	Dec	201.25	150.25	194.00	19.8	566	4.3%	40.82	29.00	158.0	4.8	14.9	1.2	25.8	6,876,290
Stanbic Bank	Banking	Dec	130.00	100.25	114.25	5.1	349	2.6%	28.71	13.75	140.8	4.0	12.0	0.8	20.4	9,413,250
BAT Kenya	Tobacco	Dec	94.00	67.00	353.75	-13.2	273	2.1%	55.68	50.00	163.8	6.4	14.1	2.2	34.0	10,435,442
BK Group	Banking	Dec	37.00	29.65	36.00	0.6	249	1.9%	10.48	3.28	46.8	3.4	9.1	0.8	22.4	3,333,167
I&M Holdings	Banking	Dec	22.65	16.75	21.55	23.1	275	2.1%	8.10	2.55	47.8	2.7	11.8	0.5	16.9	57,157,851
Umeme Ltd.	Power	Dec	4.11	4.00	15.45	-3.4	194	1.5%	0.27	2.00	21.4	58.1	12.9	0.7	1.2	2,239,912
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	41.80	16.6	117	0.9%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	2,834,752
KenGen	Power	Jun	2.52	1.96	2.39	18.9	122	0.9%	0.49	-	41.6	4.9	-	0.1	1.2	4,284,785
Jubilee Insurance	Insurance	Dec	6.06	4.15	2.13	-3.2	100	0.8%	60.93	12.30	613.8	2.9	6.9	0.3	9.9	894,394
DTB Bank	Banking	Dec	55.75	44.05	46.50	3.2	100	0.8%	25.34	6.00	256.8	1.8	12.9	0.2	9.9	3,964,514
Britam	Insurance	Dec	6.06	4.15	6.04	26.1	118	0.9%	1.30	-	9.2	4.6	-	0.7	14.1	313,826
Total Oil	Oil	Dec	1.86	1.35	21.50	19.4	104	0.8%	4.80	1.31	48.0	4.5	6.1	0.4	10.0	221,910
Kakuzi	Agric	Dec	420.00	353.50	355.25	-7.7	54	0.4%	23.25	24.00	303.5	15.3	6.8	1.2	7.7	36,397
CIC Insurance	Insurance	Dec	6.06	4.15	6.04	-4.9	43	0.3%	0.55	0.13	3.3	3.9	6.1	0.7	16.9	281,011
Centum Investment	Finance	Mar	9.50	7.88	8.72	3.8	45	0.3%	(8.95)	0.60	55.8	-	6.9	0.2	(16.1)	1,511,402
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	48.95	22.50	41.80	-1.0	39	0.3%	(0.20)	4.00	24.1	-	9.6	1.7	(0.8)	2,834,752
Kenya Re	Insurance	Dec	2.87	1.40	1.42	-24.5	31	0.2%	1.78	0.10	13.4	0.8	7.0	0.1	13.2	2,945,662
Sasini Tea & Coffee	Agric	Sept	30.50	17.65	18.95	-5.3	33	0.3%	3.11	1.00	61.7	6.1	5.3	0.3	5.0	93,189
Carbacid	Gases	July	18.00	13.85	17.90	19.3	35	0.3%	4.01	0.70	13.6	4.5	3.9	1.3	11.9	259,331
Nation Media	Media	Dec	22.00	16.50	16.90	-15.7	25	0.2%	(1.08)	1.49	43.1	-	8.8	0.4	(2.5)	1,457,564
Kenya Power	Power	Jun	1.86	1.35	1.66	16.9	25	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	829,453
TPSEA Serena	Tourism	Dec	20.05	11.00	14.00	-14.9	20	0.1%	4.78	-	33.3	2.9	-	0.4	14.4	30,654
Liberty K. Holdings	Insurance	Dec	200.00	170.00	1.42	43.6	22	0.2%	0.15	-	15.9	34.7	-	0.3	1.0	22,950
BOC Kenya	Gases	Dec	94.00	67.00	89.00	8.5	13	0.1%	10.14	5.95	85.1	8.8	6.7	1.0	11.9	20,841
NSE	Finance	Dec	6.62	5.52	5.86	-2.7	12	0.1%	0.05	0.20	7.1	110.8	3.4	0.8	0.7	284,906
Housing Finance	Banking	Dec	5.10	3.25	4.03	15.8	12	0.1%	1.18	4.00	20.5	3.4	99.3	0.2	5.8	8,191
Unga Ltd	Food	Jun	1.71	1.01	0.27	-25.5	7	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	26,970
Sanlam Kenya	Insurance	Dec	2.87	1.40	5.30	-1.0	7	0.0%	(0.88)	-	3.9	-	-	1.5	(22.7)	281,011
Car & Gen	Motors	Sept	41.50	18.85	22.55	-9.8	7	0.1%	(6.82)	3.20	135.8	-	14.2	0.2	(5.0)	22,552
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.1%	3.38	1.00	80.9	112.4	0.3	4.7	4.2	1,869
WPP Scangroup	Media	Dec	2.99	1.99	2.20	0.9	7	0.1%	0.30	-	11.9	7.3	-	0.2	2.5	100,276
EA Portland	Cement	Jun	48.95	22.50	0.92	-37.6	3	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	16,794
Standard Newspapers	Media	Dec	9.50	5.10	6.80	-12.1	4	0.0%	(10.05)	-	0.4	-	-	15.5	(2,284)	4,347
Longhorn	Publishing	Jun	2.93	2.01	2.09	-13.3	4	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	11,331
TransCentury	Finance	Dec	9.50	7.88	2.98	-21.2	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	141,628
											<b>Average</b>	<b>11.9</b>	<b>8.0</b>	<b>2.3</b>	<b>17.8</b>	<b>477,256,300</b>

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