

## Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	24.85	37.1%	BUY
Equity bank	70.69	46.80	51.0%	BUY
KCB bank	68.17	37.70	80.8%	BUY
Co-op bank	19.83	11.80	68.1%	BUY
ABSA bank	14.44	11.15	29.5%	BUY
StanChart bank	122.25	138.75	-11.9%	HOLD
NCBA bank	43.98	32.25	36.4%	BUY
I&M bank	32.61	16.70	95.3%	BUY
Stanbic bank	109.98	100.00	10.0%	HOLD
DTB bank	130.90	48.15	171.9%	BUY
EABL	223.42	167.25	33.6%	BUY
Bamburi Cement	60.07	34.00	76.7%	BUY
BAT Kenya	549.38	434.00	26.6%	BUY

## Kenya Weekly Commentary

### Kenya Market Summary

#### Equity market commentary and outlook

- During the week, NCBA bank traded up to an 11-day high largely on account of local demand. On the other hand, driven by local selling, Co-op bank touched a 9-day low. On the back of foreign and local selling, Safaricom hit a 10-day low.

#### Debt market commentary and outlook

- After increasing in the last three weeks, overall subscription rate declined to 75.8%, down from 117.9% recorded last week – a 5-weeks low. Activity on the 182-day T-Bill and 364-day T-Bill was subdued. However, investors concentrated on the 91-day T-Bill - its yield edged upwards for the twenty-second straight week.

### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,680.1	-1.4%	-2.2%	0.2%	-6.7%	-14.3%	-11.7%
Kenya NASI Return	128.4	0.1%	0.0%	-6.0%	-14.5%	-27.8%	-22.8%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	-9.1%	-18.7%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	-14.4%	-27.5%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-0.1%	-2.1%	-1.4%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.1%	-0.5%	-10.8%	-18.4%	-33.8%	-28.2%
Johannesburg Index	4.8%	4.3%	-11.1%	-17.9%	-16.6%	-20.5%
Nigeria Stock Exchange	-1.5%	-11.4%	-15.9%	-15.0%	-2.3%	-1.4%
Ghana Stock Exchange	1.2%	-25.4%	-41.0%	-50.9%	-62.6%	-61.2%
Egyptian Stock Exchange	-9.1%	-4.9%	-3.4%	-19.8%	-34.7%	-37.1%
MSCI EFM ex SA Index	-0.6%	-1.2%	-8.0%	-19.4%	-31.6%	-28.4%

**Other market statistics**

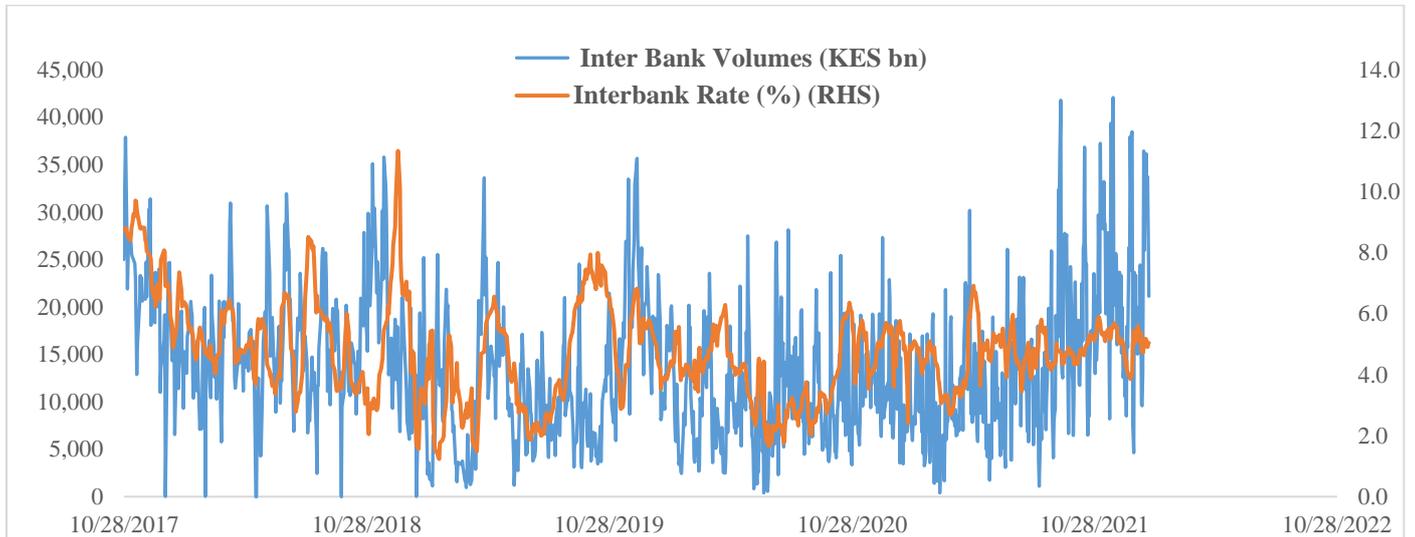
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	121.3	-0.1%	-0.5%	-1.9%	-4.6%	-8.3%	-6.8%
USD/ZAR	18.1	2.2%	0.1%	-8.2%	-11.7%	-15.7%	-11.8%
USD/EGP	23.1	-15.0%	-15.4%	-18.1%	-19.8%	-32.0%	-32.0%
USD/NGN	442.2	-0.4%	-1.0%	-3.5%	-5.2%	-6.4%	-4.1%
USD/GHS	14.0	-2.7%	-25.4%	-39.6%	-46.2%	-56.4%	-55.8%

**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
Equity bank	826.2	-511.1	57.0%	3.2%	-11.3%	-12.5%	20.0%
Safaricom	294.4	-125.5	46.9%	-0.4%	-34.5%	-42.0%	7.6%
KCB bank	289.7	-30.8	11.9%	3.1%	-17.1%	-19.8%	7.7%
EABL	57.6	-11.6	48.1%	-0.9%	1.4%	-2.0%	52.0%
NCBA bank	32.7	-0.6	0.9%	6.6%	28.0%	-2.9%	40.2%

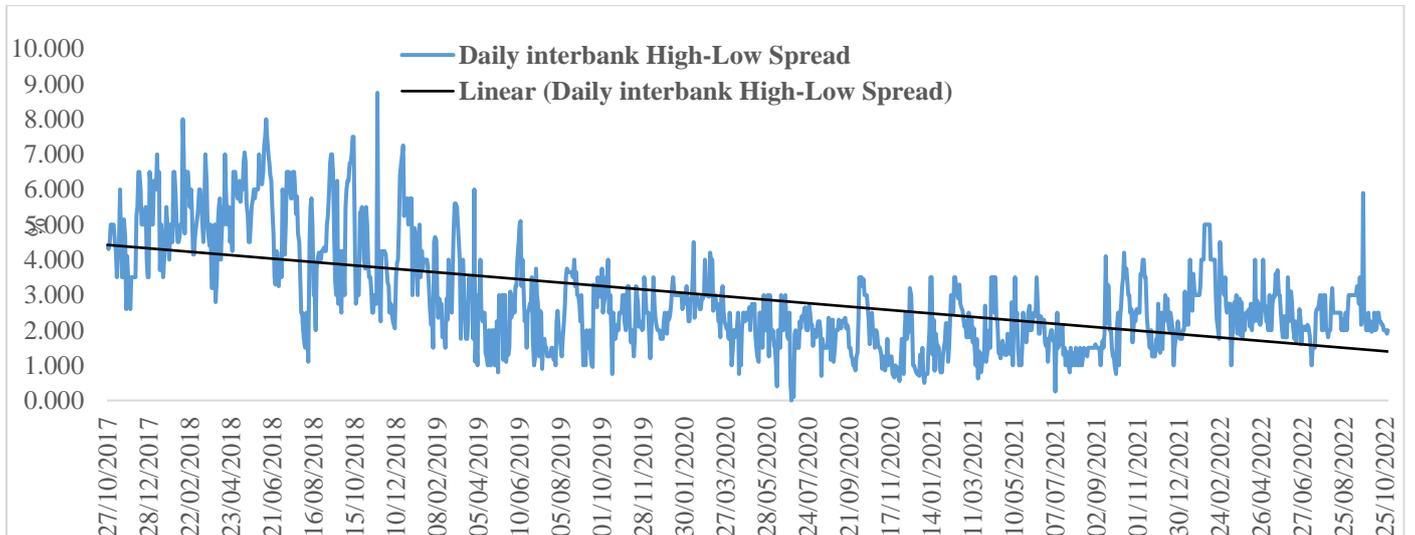
**Key Rates and Spreads**

**Inter-bank rate decreases week-on-week**



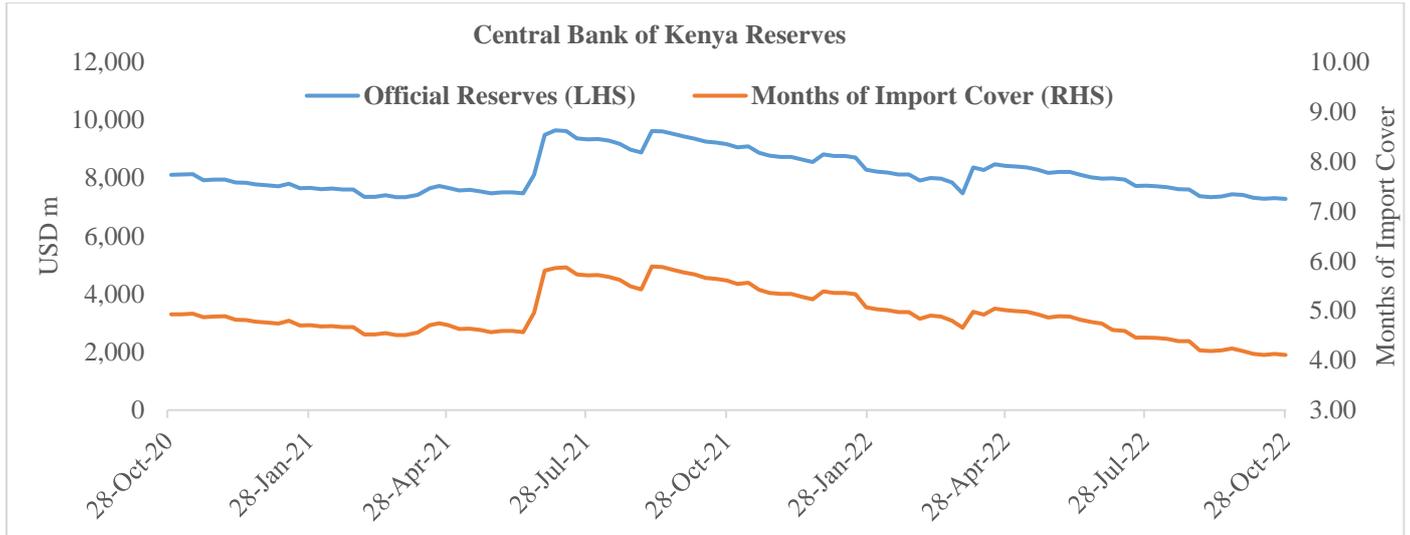
Source: CBK

**Inter-bank spreads narrow for the second straight week**



Source: CBK

**CBK forex reserves decline week-on-week to close to a 4-year low**



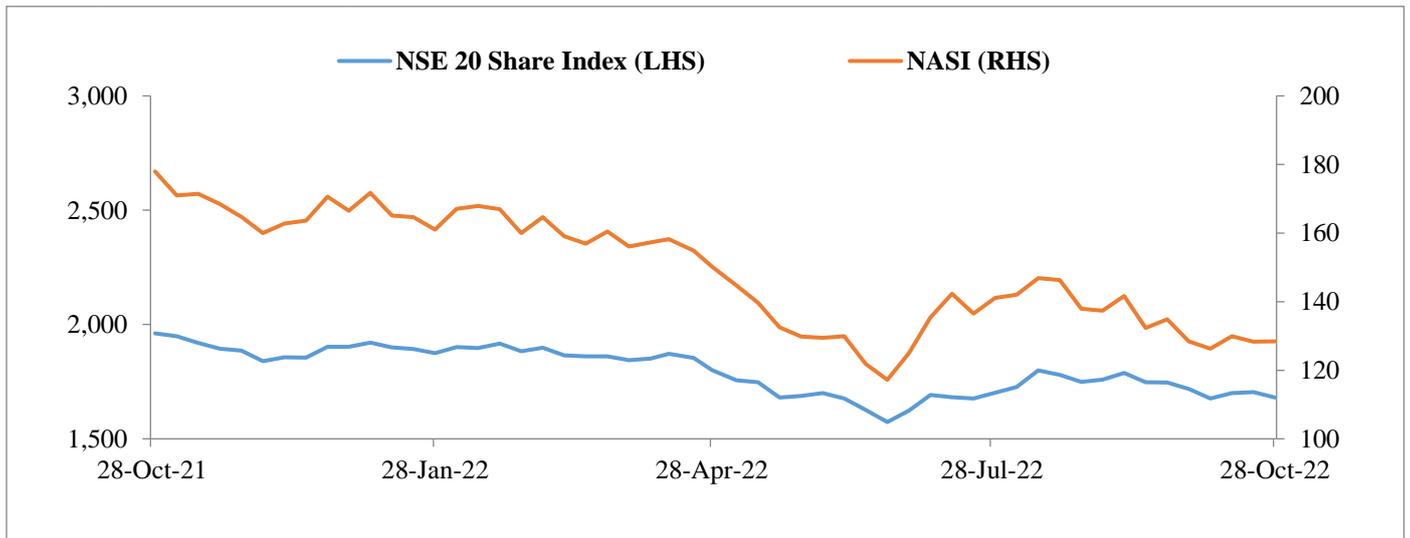
Source: CBK

**Equity market trading commentary**

After decreasing in the last two weeks, equity turnover further surged by 154.3% w/w to end at USD 13.2m (KES 1.6bn). Reversing part of the prior losses, the NASI inched up 0.1% w/w to 128.43 while the NSE 20 slid 1.4% w/w to 1,680.11 following two weeks of consecutive wins. For the second successive week, foreign investors emerged net sellers at USD 5.7m (KES 697.3m). Local investors dominated trading at 57.1% of total turnover, albeit down from 70.8% recorded the previous week. Equity bank (USD 4.2m, KES 511.1m) and Safaricom (USD 1.0m, KES 125.5m) posted the highest net foreign outflows. On the other hand, Bamburi Cement marked the highest net foreign inflows at USD 3.6k (KES 0.4m).

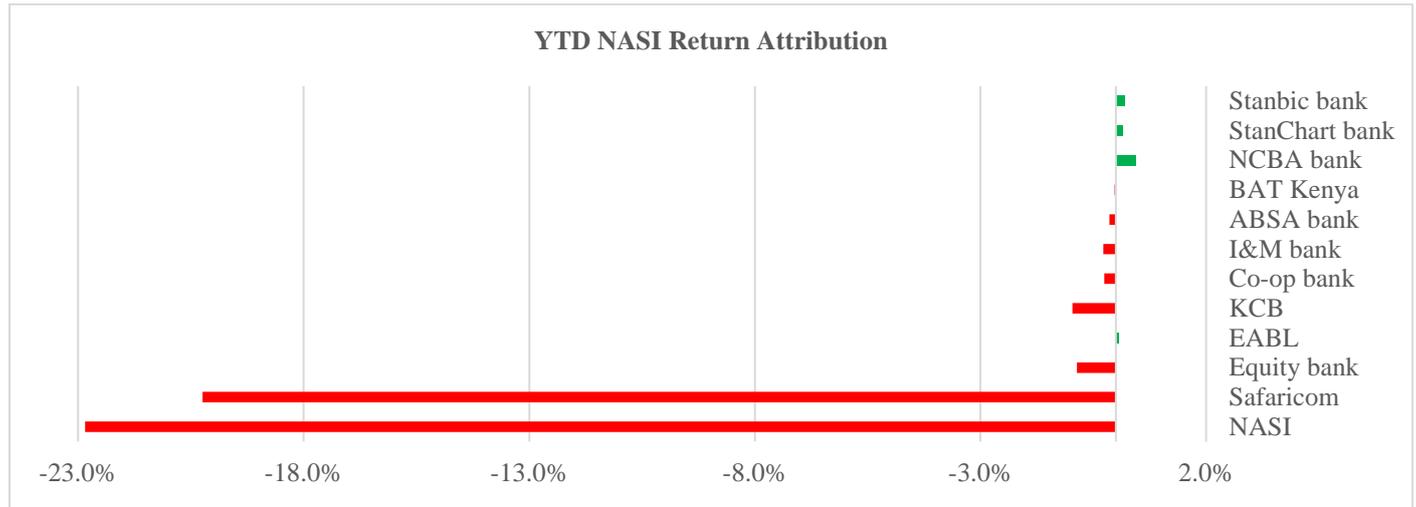
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**Market performance over the past 12 months**



Source: NSE

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



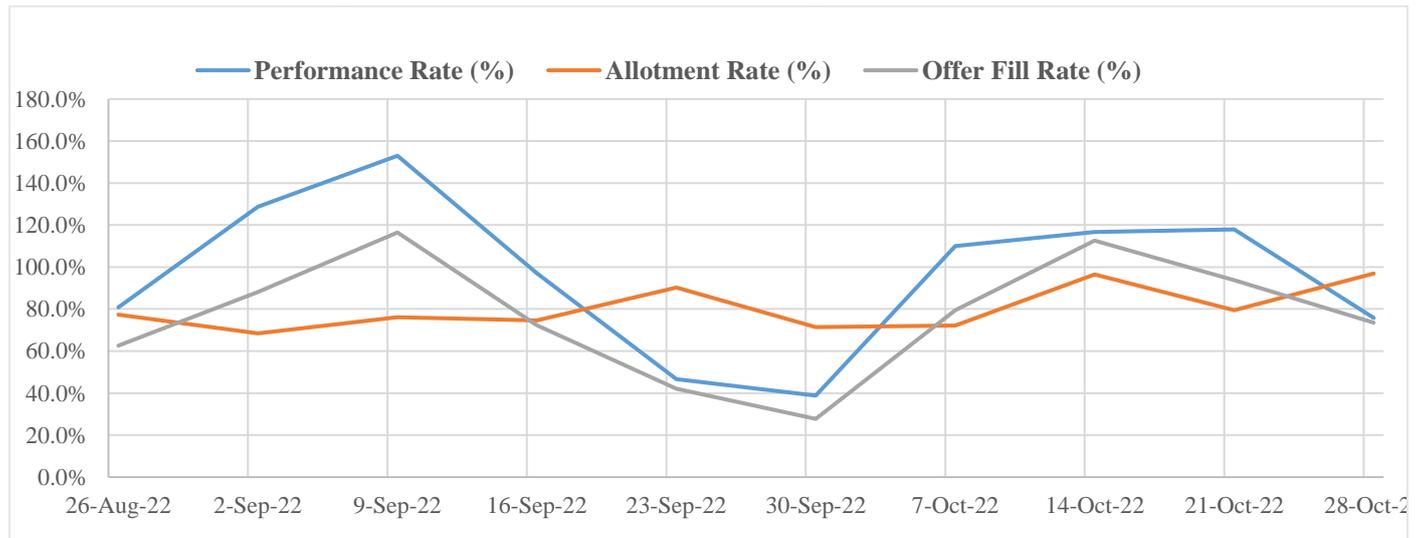
Source: Kestrel Research

**Debt market trading commentary**

After increasing in the last three weeks, overall subscription rate declined to 75.8%, down from 117.9% recorded last week – a 5-weeks low. Activity on the 182-day T-Bill and 364-day T-Bill was subdued. However, investors concentrated on the 91-day T-Bill - its yield edged upwards for the twenty-second straight week.

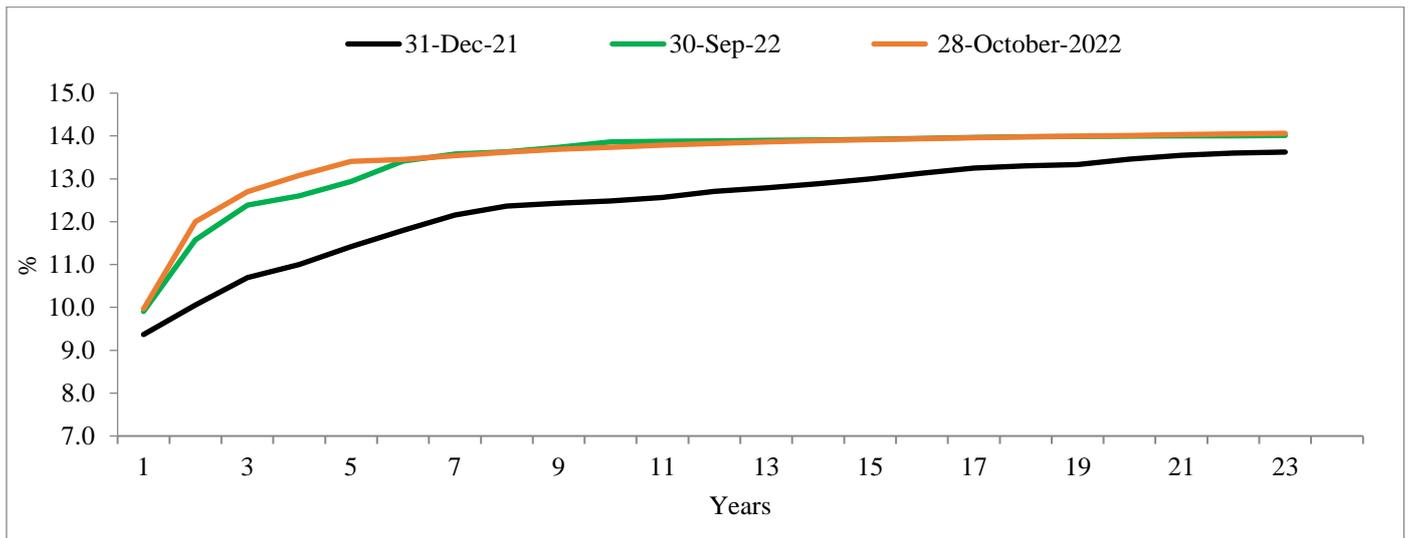
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 12.0bn for the 91-Day T-Bill, implying a subscription rate of 299.81%. It accepted bids worth KES 12.0bn at an average yield of 9.127% (+2.7bps w/w). The 182-Day T-Bill received bids worth KES 2.2bn, implying a performance rate of 21.54%. It accepted bids worth KES 2.1bn at an average yield of 9.678% (+1.4ps w/w). The 364-Day T-Bill received bids worth KES 4.0bn, implying a performance rate of 40.44%. It accepted bids worth KES 3.6bn at an average yield of 9.965% (+3.7w/w).

**T-Bills Performance: Overall performance rate halt a 3-weeks increasing streak**



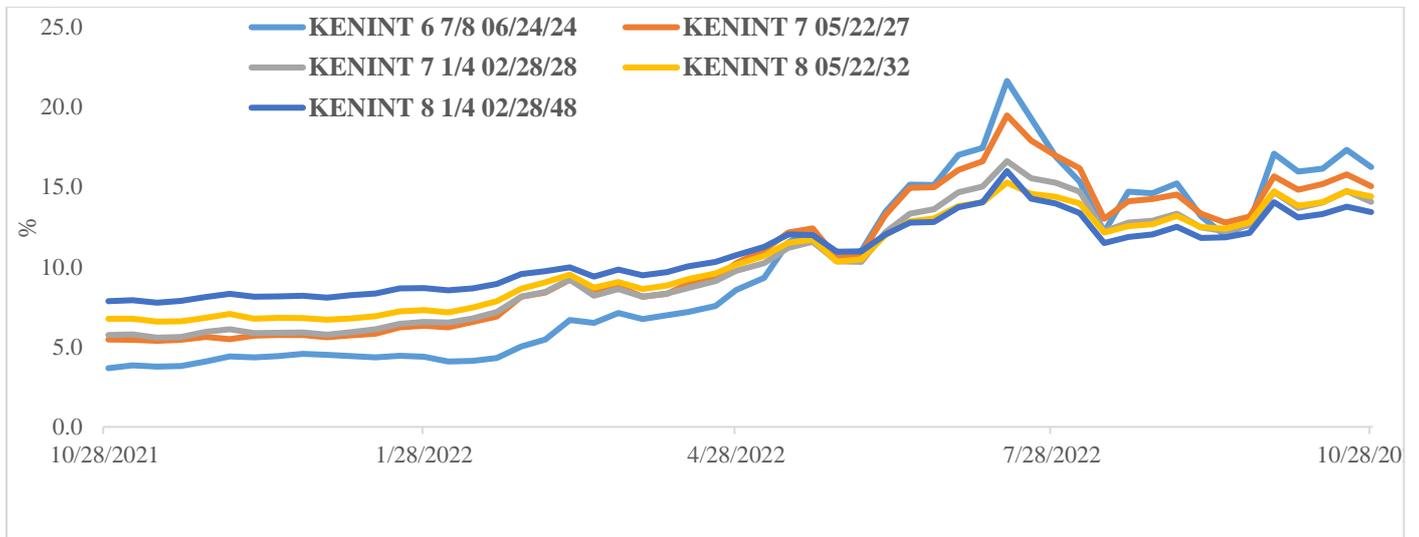
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors fall week-on-week after rising in the last two weeks



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market <sup>1</sup>	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading <sup>1</sup>
Safaricom	Telecom	Mar	42.85	23.10	24.85	-34.5	8,207	49.5%	1.74	1.39	3.5	14.3	5.6	7.1	49.9	1,192,403
Equity Bank	Banking	Dec	53.50	39.00	46.80	-11.3	1,456	8.8%	12.02	3.00	38.1	3.9	6.4	1.2	31.6	594,540
EA Breweries	Breweries	Jun	170.75	110.00	167.25	1.4	1,090	6.6%	15.00	11.00	20.5	11.2	6.6	8.2	73.2	166,853
KCB Bank	Banking	Dec	47.00	35.00	37.70	-17.1	999	6.0%	11.92	3.00	55.7	3.2	8.0	0.7	21.4	281,012
Co-op Bank	Banking	Dec	13.30	10.70	11.80	-8.9	571	3.4%	3.52	1.00	16.5	3.4	8.5	0.7	21.3	37,334
Absa Bank	Banking	Dec	12.70	9.70	11.15	-5.9	499	3.0%	2.15	1.10	10.9	5.2	9.9	1.0	19.7	14,667
NCBA Bank	Banking	Dec	33.20	23.00	32.25	28.0	438	2.6%	8.10	4.25	48.7	4.0	13.2	0.7	16.6	135,113
StanChart Bank	Banking	Dec	146.25	123.75	138.75	8.2	432	2.6%	24.92	19.00	147.2	5.6	13.7	0.9	16.9	28,617
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	11,464
Stanbic Bank	Banking	Dec	108.00	86.75	100.00	14.6	326	2.0%	18.81	7.30	122.8	5.3	7.3	0.8	15.3	8,658
Bank of Kigali	Banking	Dec	32.75	24.30	31.25	7.8	231	1.4%	7.95	3.28	41.8	3.9	10.5	0.7	19.0	776
I&M Holdings	Banking	Dec	22.25	16.50	16.70	-20.9	228	1.4%	5.38	1.50	42.6	3.1	9.0	0.4	12.6	25,513
KenGen	Power	Jun	4.76	3.38	3.39	-19.1	184	1.1%	0.16	0.18	32.4	21.3	5.3	0.1	0.5	15,064
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	179	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	360.00	229.00	230.00	-27.4	137	0.8%	94.22	14.00	544.4	2.4	6.1	0.4	17.3	6,835
Total Oil	Oil	Dec	25.85	21.75	23.65	-5.4	123	0.7%	4.35	1.31	45.4	5.4	5.5	0.5	9.6	1,635
Britam	Insurance	Dec	8.00	5.44	5.62	-25.1	117	0.7%	0.03	-	7.5	196.6	-	0.7	0.4	2,618
DTB Bank	Banking	Dec	60.00	48.00	48.15	-19.1	111	0.7%	16.32	3.00	246.4	3.0	6.2	0.2	6.6	13,676
Bamburi Cement	Cement	Dec	39.00	32.10	34.00	-10.5	102	0.6%	2.15	3.58	0.1	15.8	10.5	414.1	2,618.6	8,021
Umeme Ltd.	Power	Dec	8.30	5.50	7.50	11.3	100	0.6%	2.74	1.73	17.6	2.7	23.1	0.4	15.6	975
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	801
Crown Paints	Manufac.	Dec	44.00	30.50	41.90	37.4	49	0.3%	5.13	4.00	24.1	8.2	9.5	1.7	21.3	493
Centum Investment	Finance	Mar	17.80	8.00	8.30	-41.1	46	0.3%	(2.01)	0.59	65.1	-	7.1	0.1	(3.1)	8,436
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.46	1.86	1.90	-17.4	44	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	2,168
CIC Insurance	Insurance	Dec	2.65	1.87	1.97	-10.9	42	0.3%	0.30	-	3.0	6.6	-	0.6	9.9	2,331
Sasini Tea & Coffee	Agric	Sept	129.00	-	21.00	12.3	39	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	240
Kenya Power	Power	Jun	2.08	1.31	1.84	5.1	30	0.2%	1.80	-	30.8	1.0	-	0.1	5.8	17,585
Carbacid	Gases	July	13.25	10.35	12.95	17.7	27	0.2%	2.22	0.70	13.5	5.8	5.4	1.0	16.4	3,057
Nation Media	Media	Dec	23.20	15.70	15.90	-13.8	25	0.2%	2.59	1.49	42.1	6.1	9.3	0.4	6.2	4,160
Liberty K. Holdings	Insurance	Dec	8.06	5.00	5.50	-21.4	24	0.1%	0.15	-	15.9	36.0	-	0.3	1.0	164
TPSEA Serena	Tourism	Dec	17.50	11.50	16.00	4.9	24	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	746
Unga Ltd	Food	Jun	36.25	27.00	29.40	6.3	18	0.1%	2.48	-	58.3	11.9	-	0.5	4.2	310
NSE	Finance	Dec	9.18	6.60	6.92	-13.5	15	0.1%	0.51	1.40	8.0	13.5	20.2	0.9	6.4	2,417
BOC Kenya	Gases	Dec	93.25	64.50	82.75	18.2	13	0.1%	4.78	6.70	84.3	17.3	8.1	1.0	5.7	767
Car & Gen	Motors	Sept	76.00	30.00	38.30	12.8	13	0.1%	26.33	3.20	135.8	1.5	8.4	0.3	19.4	294
WPP Scangroup	Media	Dec	5.00	2.86	3.15	-23.9	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	741
Sanlam Kenya	Insurance	Dec	15.00	8.50	8.50	-26.4	10	0.1%	(3.77)	-	3.9	-	-	2.2	(97.1)	164
Housing Finance	Banking	Dec	4.90	2.86	3.03	-22.3	10	0.1%	(1.45)	-	20.5	-	-	0.1	(7.1)	963
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)	2,438
Longhorn	Publishing	Jun	4.4	2.74	3.66	-8.5	8	0.0%	0.62	-	2.8	5.9	-	1.3	22.2	1,313
Standard Newspapers	Media	Dec	16.15	10.65	10.65	-21.4	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	79
EA Portland	Cement	Jun	8.80	6.06	7.90	18.6	6	0.0%	6.02	-	239.8	1.3	-	0.0	2.5	40
TransCentury	Finance	Dec	1.47	1.00	1.16	-0.9	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	81
Safaricom	Telecom	Mar	42.85	23.10	24.85	-34.5	8,207	49.5%	1.74	1.39	3.5	14.3	5.6	7.1	49.9	1,192,403
											Average	11.4	6.8	7.0	54.1	2,608,483

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