

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	18.30	81.8%	BUY
Equity bank	54.37	47.10	15.4%	BUY
KCB bank	74.22	42.15	76.1%	BUY
Co-op bank	18.33	16.00	14.6%	HOLD
ABSA bank	11.52	19.00	-39.4%	SELL
StanChart bank	245.66	299.25	-17.9%	SELL
NCBA bank	40.63	52.50	-22.6%	SELL
I&M bank	38.37	32.35	18.6%	BUY
Stanbic bank	118.55	161.75	-26.7%	SELL
DTB bank	109.36	75.75	44.4%	BUY
EABL	341.24	180.00	89.6%	BUY
BAT Kenya	411.34	371.25	10.8%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, I&M Bank, Equity Bank, DTB Bank, and NCBA Bank released their FY24 results and declared a final dividend of KES 1.7, KES 4.25, KES 7.00, and KES 3.25, respectively. Local investors led trading for the week at 57.3%, and foreign investors remained net sellers at USD 0.6m (KES 85.1m). Equity Bank had the highest net foreign outflows at USD 0.5m (KES 63.1m), while EABL registered the highest net foreign inflows for the week at USD 0.1m (KES 18.7m).

Debt market commentary and outlook

- Total subscription rates fell to 61.4% from 129.0% the previous week. Investors remained skewed towards the 364-Day T-Bill, and activity declined for the 182-Day and 364-Day T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-sixth week, the 182-Day T-Bill maintaining a ten-week decline, and the 364-Day T-Bill falling repeatedly for the eighth week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,226.9	34.1%	31.8%	47.1%	54.3%	45.1%	10.8%
Kenya NASI	130.8	25.0%	22.7%	41.0%	52.6%	26.9%	5.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.5%	-1.7%	8.1%	13.9%	-3.2%	-12.1%
Johannesburg Index	-1.4%	7.1%	1.4%	-11.3%	30.1%	-12.8%
Nigeria Stock Exchange	0.5%	-4.9%	9.0%	11.8%	-20.0%	9.9%
Ghana Stock Exchange	0.8%	9.1%	9.8%	19.7%	6.4%	-21.5%
Egyptian Stock Exchange	1.1%	3.7%	2.5%	-8.9%	11.2%	-1.8%
MSCI EFM ex SA Index	0.9%	2.0%	4.5%	-1.4%	2.1%	-1.5%

Other market statistics

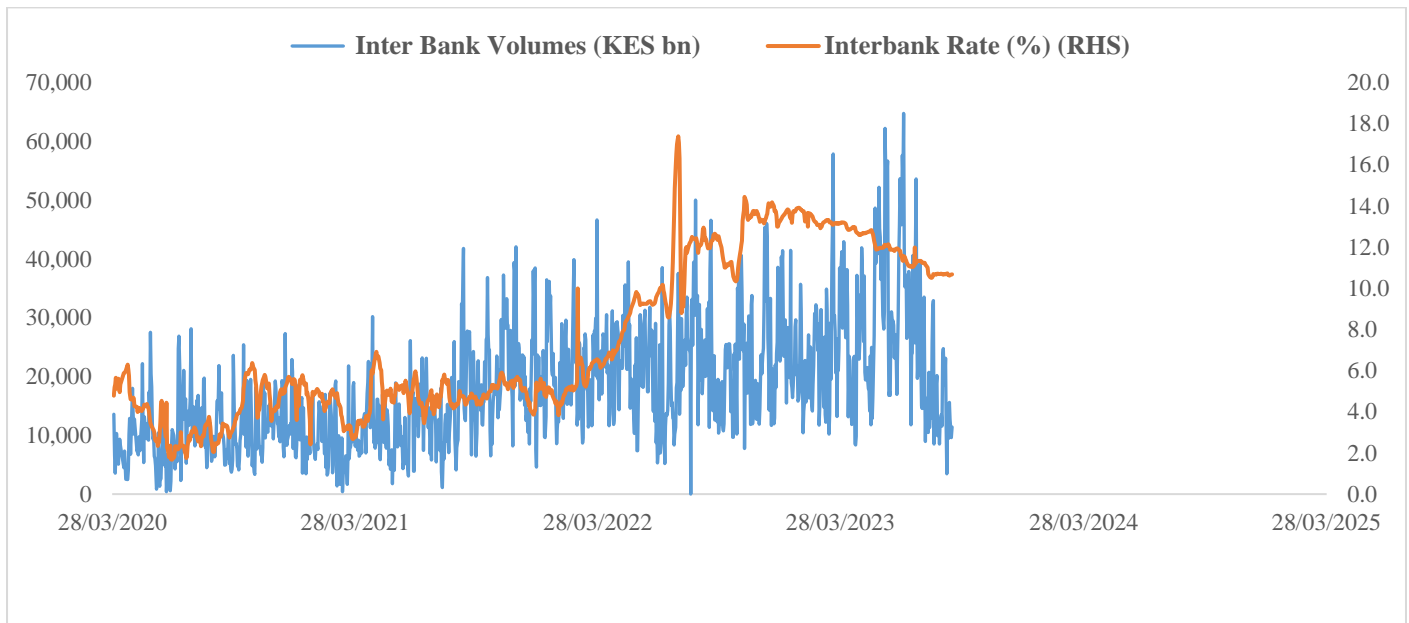
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.26	0.0%	0.1%	0.0%	-0.3%	1.8%	0.0%
USD/ZAR	18.43	1.4%	-0.3%	1.5%	-7.7%	2.4%	1.6%
USD/EGP	50.57	0.2%	0.0%	0.6%	-4.6%	-6.6%	0.4%
USD/NGN	1538.12	-2.6%	-2.4%	0.7%	7.8%	-13.9%	0.4%
USD/GHS	15.50	0.0%	0.2%	-5.4%	1.7%	-17.0%	-5.4%

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	505.6	14.5	75.2%	3.1%	7.3%	-5.2%	27.1%
Equity Bank	140.5	-63.2	64.4%	1.0%	-2.5%	-5.8%	22.3%
EABL	108.9	18.7	28.8%	-2.8%	2.6%	-9.9%	37.9%
KCB Bank	102.5	3.2	10.9%	0.4%	1.3%	-8.0%	56.1%
Kenya Re	53.8	-10.0	9.3%	-15.7%	25.8%	-43.9%	54.8%

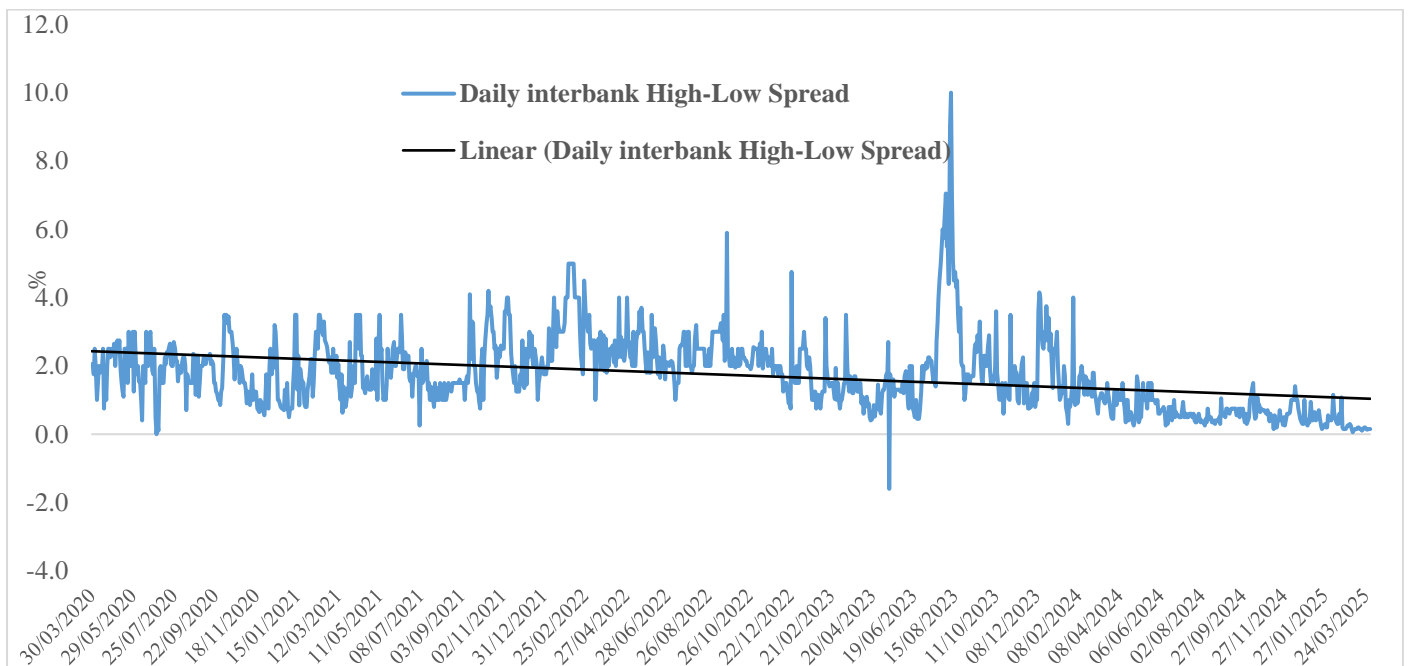
Key Rates and Spreads

Inter-bank Rates rise, breaking a five-week losing streak.



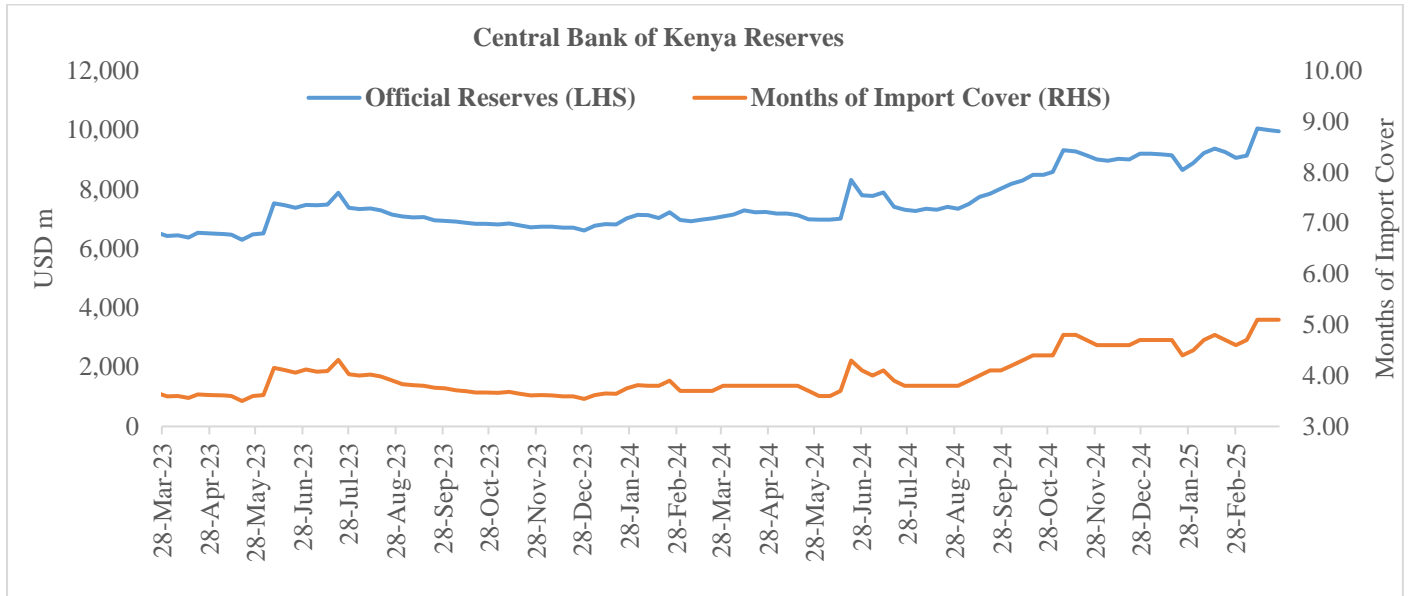
Source: CBK

Interbank spreads narrow week-on-week.



Source: CBK

CBK Reserves remain unchanged at 5.1 months of import cover

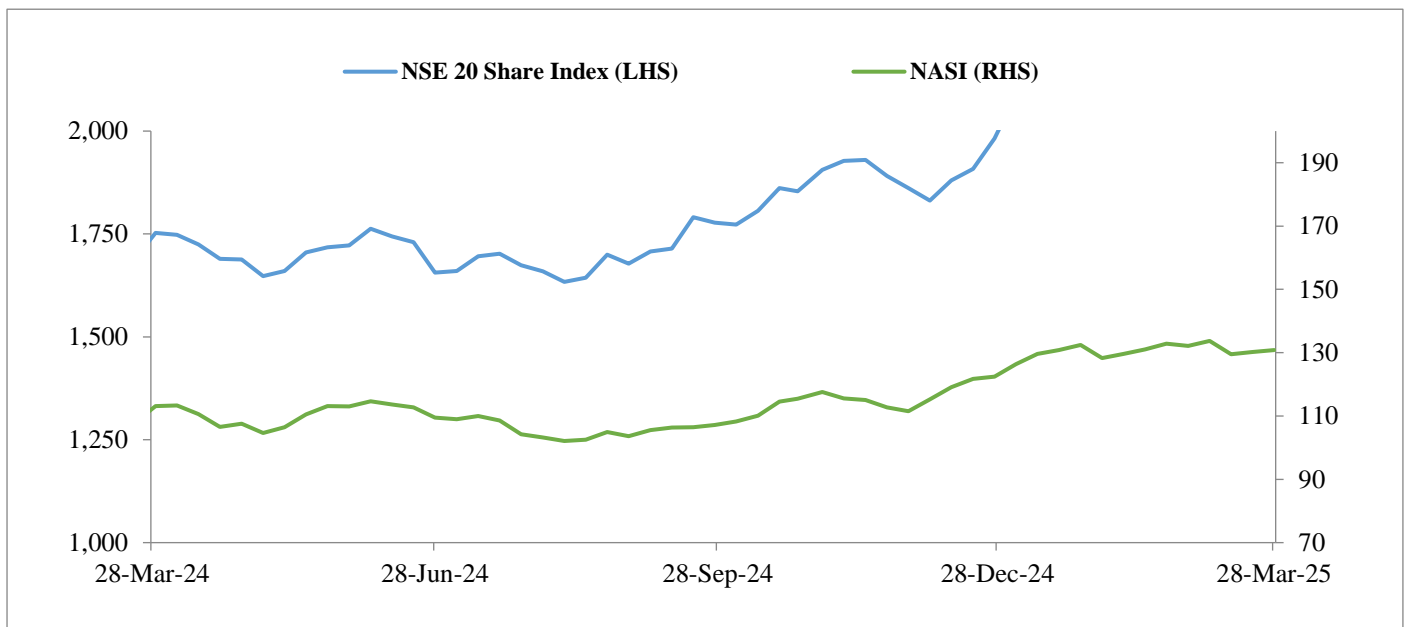


Source: CBK

Equity market trading commentary

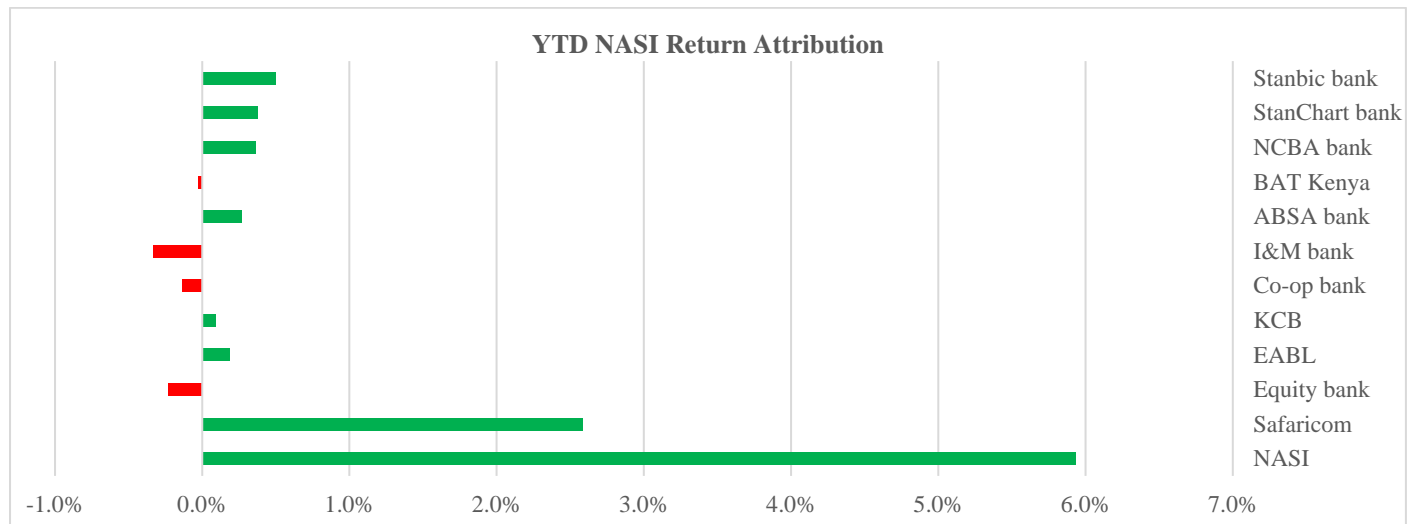
Total market turnover declined by 41.9%, settling at USD 10.3m (KES 1.3bn). The NASI edged up by 0.5% to end at 130.81, maintaining a two-week climbing streak; conversely, the NSE-20 shed 0.8%, concluding at 2226.88. Local investors led trading for the week at 57.3%, and foreign investors remained net sellers at USD 0.6m (KES 85.1m). Equity Bank had the highest net foreign outflows at USD 0.5m (KES 63.1m), while EABL registered the highest net foreign inflows for the week at USD 0.1m (KES 18.7m), 53.7m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

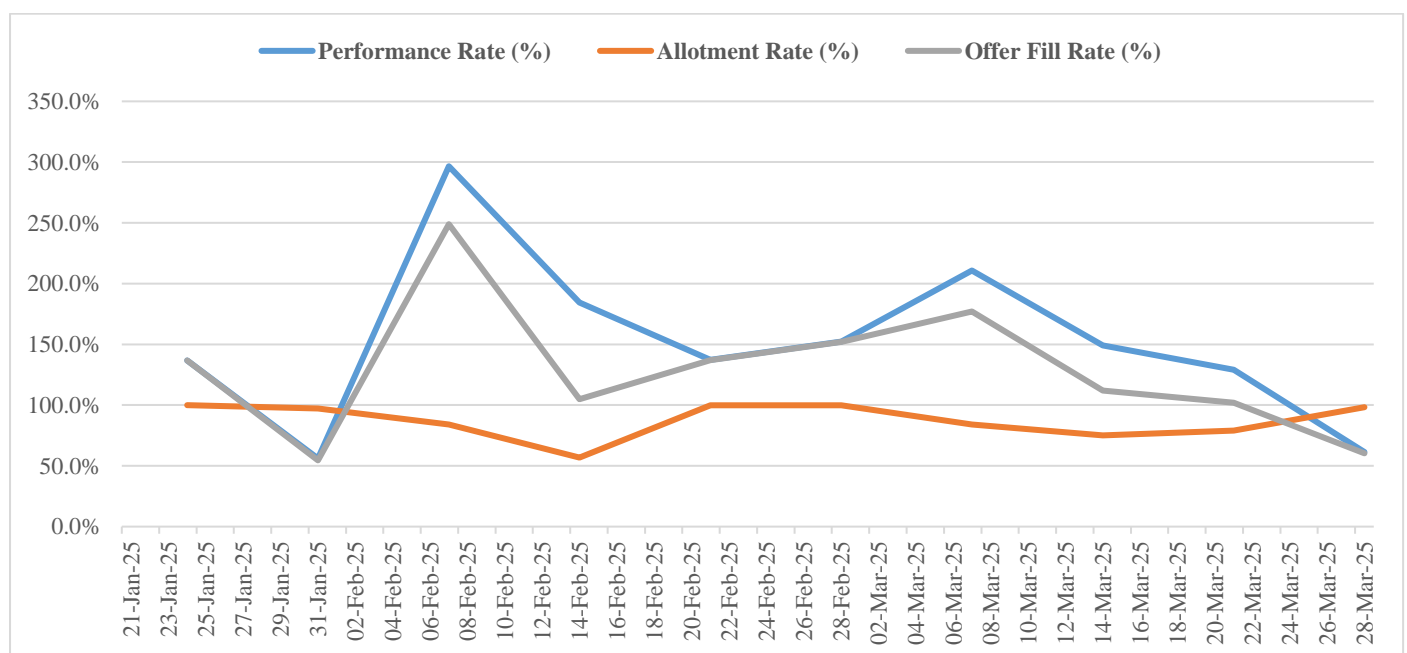
Total subscription rates fell to 61.4% from 129.0% the previous week. Investors remained skewed towards the 364-Day T-Bill, and activity declined for the 182-Day and 364-Day T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-sixth week, the 182-Day T-Bill maintaining a ten-week decline, and the 364-Day T-Bill falling repeatedly for the eighth 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 2.8bn for the 91-Day T-Bill, implying a subscription rate of 69.76%. It accepted bids worth KES 2.7bn at an average yield of 8.791% (-4.95 bps w/w).

The 182-Day T-Bill received bids worth KES 1.7bn, implying a performance rate of 17.06%. It accepted bids worth KES 1.7bn at an average yield of 9.058% (-2.77 bps w/w).

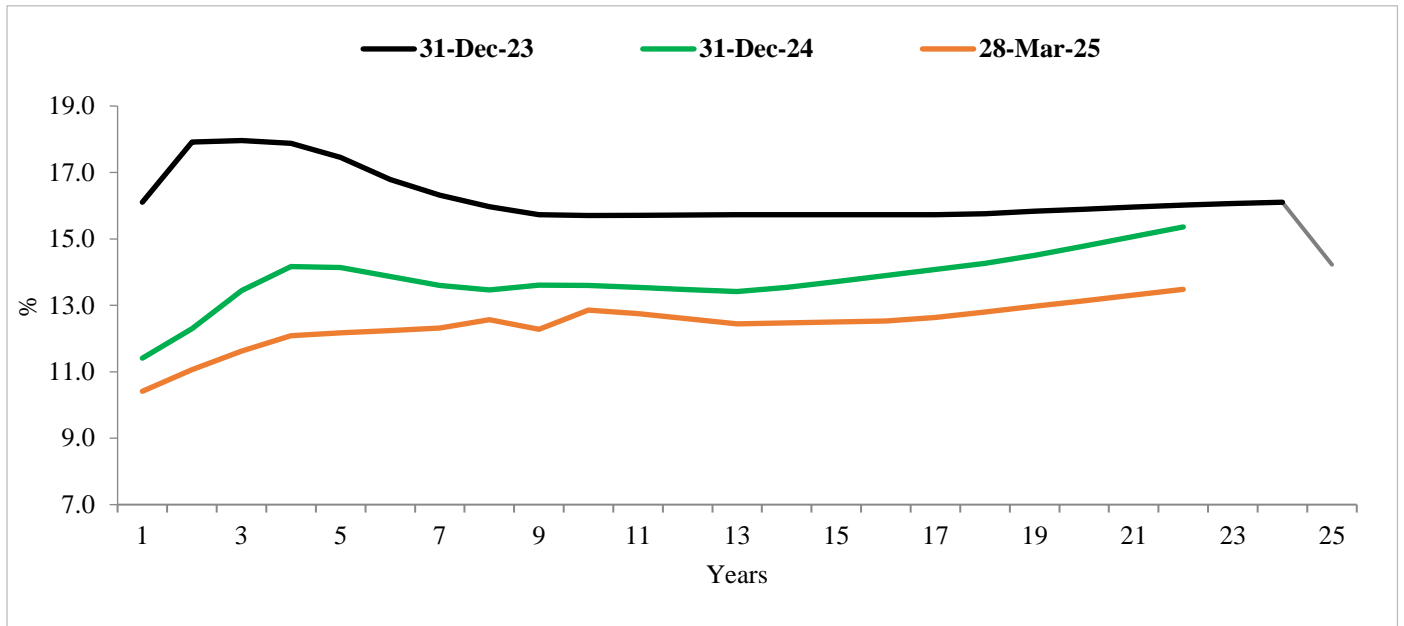
The 364-Day T-Bill received bids worth KES 10.2bn, implying a performance rate of 102.49%. It accepted bids worth KES 10.1bn at an average yield of 10.412% (-4.96 bps w/w).

T-Bills Performance rates



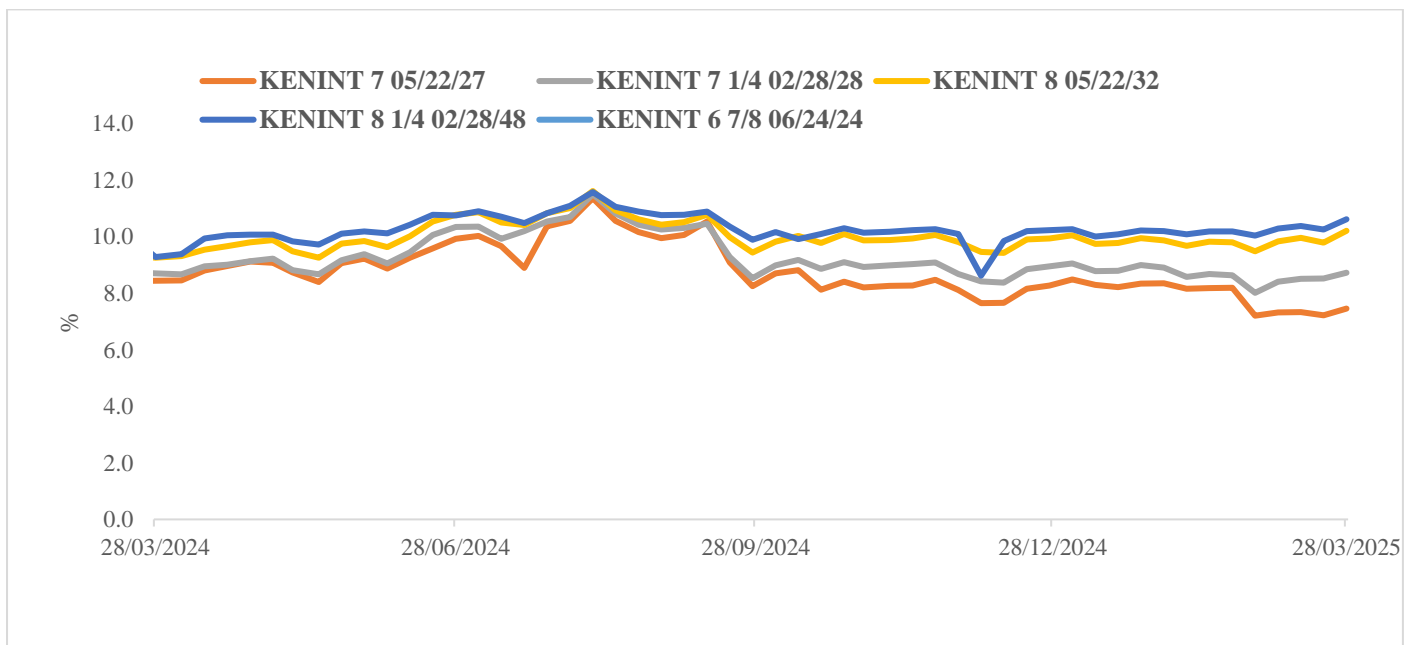
Source: CBK

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 ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading ¹ vol (USD)
Safaricom	Telecom	Mar	19.30	14.40	18.30	7.3	5,661	35.5%	1.06	1.20	4.7	17.2	6.6	3.9	22.7	1,011,530
Equity Bank	Banking	Dec	50.00	38.50	47.10	-2.5	1,372	8.6%	16.10	4.25	48.7	2.9	9.0	1.0	33.0	309,647
EA Breweries	Breweries	Jun	199.75	130.50	180.00	2.6	1,099	6.9%	15.46	7.50	27.1	11.6	4.2	6.6	57.1	168,173
Co-op Bank	Banking	Dec	17.80	12.00	16.00	-2.7	725	4.5%	4.34	1.50	18.4	3.7	9.4	0.9	23.6	89,604
NCBA Bank	Banking	Dec	54.00	37.55	52.50	8.9	668	4.2%	13.27	5.50	53.7	4.0	10.5	1.0	24.7	28,118
Absa Bank	Banking	Dec	19.30	11.95	19.00	5.3	797	5.0%	3.84	1.75	12.0	4.9	9.2	1.6	32.0	111,697
KCB Bank	Banking	Dec	45.80	27.00	42.15	1.3	1,046	6.6%	19.22	3.00	68.1	2.2	7.1	0.6	28.2	632,944
StanChart Bank	Banking	Dec	309.50	164.75	299.25	7.0	873	5.5%	53.09	45.00	158.0	5.6	15.0	1.9	33.6	73,156
Stanbic Bank	Banking	Dec	168.50	108.75	161.75	17.9	494	3.1%	34.69	20.17	140.8	4.7	12.5	1.1	24.6	71,353
BAT Kenya	Tobacco	Dec	415.00	331.75	371.25	-1.3	287	1.8%	44.83	50.00	163.8	8.3	13.5	2.3	27.4	50,074
BK Group	Banking	Dec	37.15	30.15	34.00	4.5	235	1.5%	9.48	-	46.8	3.6	-	0.7	20.2	25,243
I&M Holdings	Banking	Dec	36.55	17.15	32.35	-10.8	435	2.7%	9.57	3.00	45.5	3.4	9.3	0.7	21.1	60,101
Umeme Ltd.	Power	Dec	17.45	14.50	16.00	-4.5	201	1.3%	0.26	0.92	22.0	61.2	5.8	0.7	1.2	5,790
Kenya Airways	Airlines	Dec	8.50	3.83	4.98	30.0	218	1.4%	2.63	-	(14.7)	1.9	-	-	-	18,727
Bamburi Cement	Cement	Dec	82.00	41.15	56.50	2.7	158	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	2,298,867
KenGen	Power	Jun	5.26	2.18	5.02	37.9	256	1.6%	1.03	0.65	41.6	4.9	12.9	0.1	2.5	59,072
Jubilee Insurance	Insurance	Dec	225.25	150.00	192.25	10.8	108	0.7%	67.32	12.00	613.8	2.9	6.2	0.3	11.0	28,889
DTB Bank	Banking	Dec	82.75	43.25	75.75	9.8	164	1.0%	31.54	7.00	256.8	2.4	9.2	0.3	12.3	41,762
Britam	Insurance	Dec	8.54	5.00	7.98	37.6	155	1.0%	1.99	-	9.2	4.0	-	0.9	21.6	27,850
Total Oil	Oil	Dec	24.00	17.30	22.10	10.5	107	0.7%	5.12	1.92	48.0	4.3	8.7	0.5	10.7	1,649
Kakuzi	Agric	Dec	440.00	353.50	400.00	3.9	61	0.4%	34.98	24.00	303.5	11.4	6.0	1.3	11.5	288
CIC Insurance	Insurance	Dec	3.04	1.98	2.84	32.1	57	0.4%	1.09	0.13	3.3	2.6	4.6	0.9	33.4	4,691
Centum Investment	Finance	Mar	15.65	7.88	12.55	27.0	64	0.4%	(8.95)	0.32	55.8	-	2.5	0.2	(16.1)	11,063
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	40.05	29.50	30.00	-8.8	33	0.2%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	259
Kenya Re	Insurance	Dec	2.87	1.04	1.61	25.8	35	0.2%	1.58	-	13.4	1.0	-	0.1	11.8	47,097
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.80	5.3	28	0.2%	3.11	0.50	61.7	5.1	3.2	0.3	5.0	2,218
Carbacid	Gases	July	24.10	16.20	19.75	-5.7	39	0.2%	4.01	1.70	13.6	4.9	8.6	1.5	29.4	8,064
Nation Media	Media	Dec	22.00	11.75	13.65	-5.2	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,773
Kenya Power	Power	Jun	7.56	1.50	6.76	40.5	102	0.6%	20.36	0.90	29.1	0.3	13.3	0.2	69.9	74,755
TPSEA Serena	Tourism	Dec	20.05	11.75	14.60	-2.0	21	0.1%	8.08	-	33.3	1.8	-	0.4	24.3	601
Liberty K. Holdings	Insurance	Dec	10.50	4.81	10.30	54.2	43	0.3%	2.56	0.37	15.9	4.0	3.6	0.6	16.1	3,695
BOC Kenya	Gases	Dec	95.00	67.00	80.50	-9.3	12	0.1%	10.73	8.55	85.1	7.5	10.6	0.9	12.6	11,743
NSE	Finance	Dec	6.98	5.44	6.98	16.3	14	0.1%	0.45	0.32	7.1	15.6	4.6	1.0	6.3	8,415
Housing Finance	Banking	Dec	9.42	3.67	6.90	53.0	100	0.6%	0.28	-	4.2	24.8	-	1.7	6.7	82,632
Unga Ltd	Food	Jun	25.15	11.45	25.10	67.3	15	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	274
Sanlam Kenya	Insurance	Dec	8.58	3.90	8.40	69.7	9	0.1%	2.27	-	3.9	3.7	-	2.2	58.6	400
Car & Gen	Motors	Sept	30.40	18.85	20.15	-11.4	6	0.0%	(7.68)	-	135.8	-	-	0.1	(5.7)	493
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	(6.34)	-	80.9	-	-	4.0	(7.8)	279
WPP Scangroup	Media	Dec	3.87	1.90	3.26	31.5	11	0.1%	0.06	-	11.9	51.3	-	0.3	0.5	1,258
EA Portland	Cement	Jun	50.75	4.46	40.25	31.5	28	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,407
Standard Newspapers	Media	Dec	7.00	4.51	6.00	19.5	4	0.0%	(10.05)	-	0.4	-	-	13.6	(2,284)	176
Longhorn	Publishing	Jun	3.46	2.02	3.02	31.3	6	0.0%	(2.45)	-	2.8	-	-	1.1	(88.1)	265
TransCentury	Finance	Dec	1.62	0.32	1.26	223.1	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	5,183
Average												11.7	8.6	2.4	25.0	5,400,461

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