

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.13	15.00	120.9%	BUY
Equity bank	47.71	45.00	6.0%	HOLD
KCB bank	66.26	38.40	72.6%	BUY
Co-op bank	20.33	13.80	47.3%	BUY
ABSA bank	11.97	14.95	-19.9%	SELL
StanChart bank	262.64	243.25	8.0%	HOLD
NCBA bank	36.1	43.15	-16.3%	SELL
I&M bank	35.09	30.10	16.6%	BUY
Stanbic bank	84.7	130.00	-34.8%	SELL
DTB bank	92.65	53.50	73.2%	BUY
EABL	151.28	165.75	-8.7%	HOLD
Bamburi Cement	44.37	63.25	-29.8%	SELL
BAT Kenya	460.00	350.00	31.4%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, DTB Bank and NCBA Bank released their Q3 2024 results. The NSE-20 sustained a three-day losing streak. EABL touched a four-week low on reduced local demand. Foreign investors dominated trading for the week at 80.1% of trading activity. Foreign investors remained net sellers for the eighth week at USD 2.8m (KES 360.8m). Equity Bank registered the highest net foreign outflows at USD 2.0m (KES 254.4m), while Absa Bank marked the highest net foreign inflows at USD 0.1m (KES 13.9m).

Debt market commentary and outlook

- Total subscription rates fell to 211.1% from 321.8% the previous week, declining for the third week in a row. Investors remained skewed on the 91-Day T-Bill. Activity declined for all the three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill falling repeatedly for the nineteenth week, and the 182-Day T-Bill and the 364-Day T-Bill declining for the eighteenth week straight.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,861.4	12.1%	10.2%	22.9%	29.0%	21.3%	24.0%
Kenya NASI	111.5	6.5%	4.6%	20.2%	30.1%	8.2%	21.1%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-1.3%	-4.6%	13.3%	-7.0%	43.9%	2.0%
Johannesburg Index	-0.7%	-3.2%	3.9%	15.3%	0.2%	-3.5%
Nigeria Stock Exchange	0.3%	-2.6%	-2.4%	-9.5%	-25.8%	10.3%
Ghana Stock Exchange	3.9%	6.3%	-0.3%	9.7%	-3.8%	0.8%
Egyptian Stock Exchange	-1.1%	-1.5%	-1.1%	11.1%	-28.8%	0.3%
MSCI EFM ex SA Index	0.7%	-1.6%	-0.4%	2.5%	6.8%	40.7%

Other market statistics

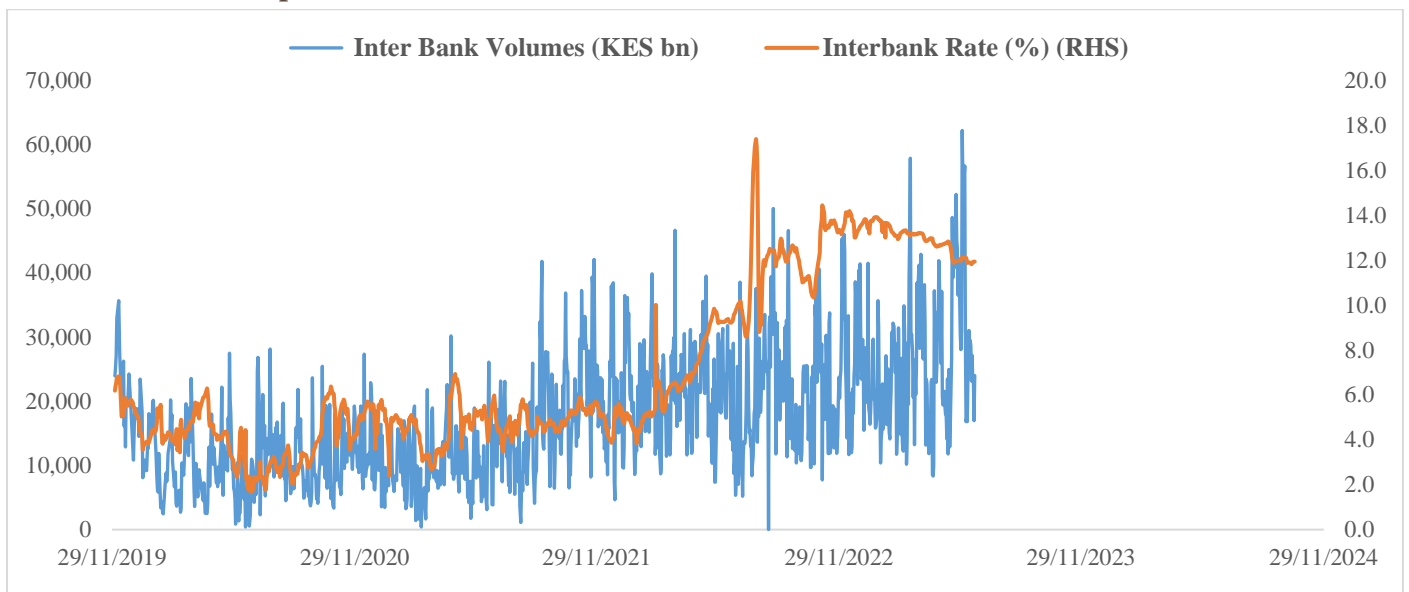
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.74	-0.2%	-0.4%	-0.1%	1.4%	17.3%	2.3%
USD/ZAR	18.06	0.3%	-2.5%	0.9%	5.5%	-0.7%	-1.6%
USD/EGP	49.59	0.2%	-1.5%	-0.7%	-2.8%	-34.6%	0.0%
USD/NGN	1683.48	0.8%	-3.1%	-3.1%	-6.6%	-46.9%	15.4%
USD/GHS	15.30	3.2%	3.2%	-4.0%	-5.4%	-18.9%	-0.4%

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	1400.6	-111.0	91.0%	0.7%	7.9%	-22.3%	15.4%
Equity Bank	801.5	-254.4	81.4%	-2.1%	33.7%	-10.0%	33.7%
Stanbic Bank	68.0	3.3	97.1%	1.8%	19.5%	-4.2%	27.8%
EABL	55.1	0.0	95.6%	-7.9%	45.4%	-17.0%	65.8%
KCB Bank	46.2	-0.2	0.4%	-1.7%	75.3%	-2.9%	106.5%

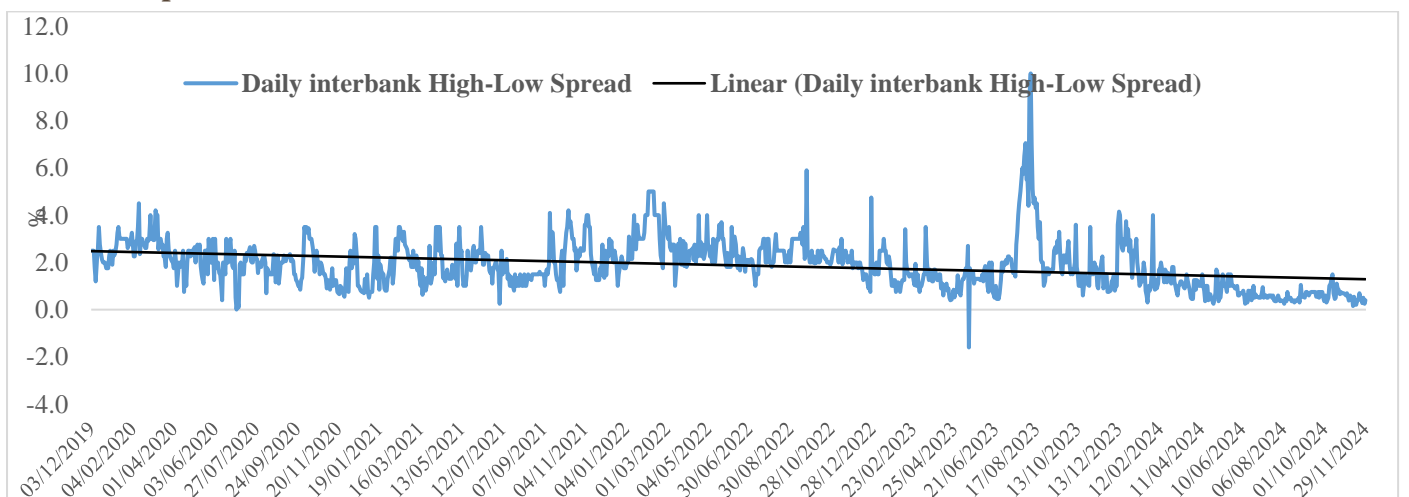
Key Rates and Spreads

Inter-bank Rates improve week-on-week after a two-week decline.



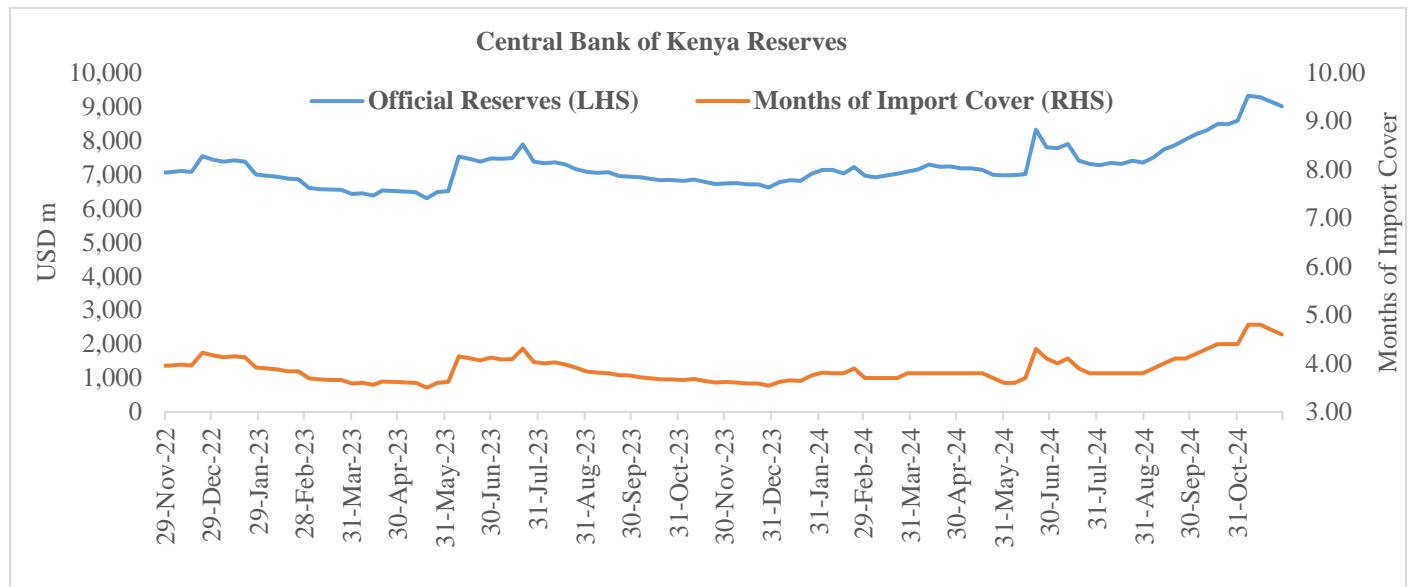
Source: CBK

Interbank spreads narrow week on week.



Source: CBK

Months of import cover and CBK FX reserves decline consecutively for the third week.

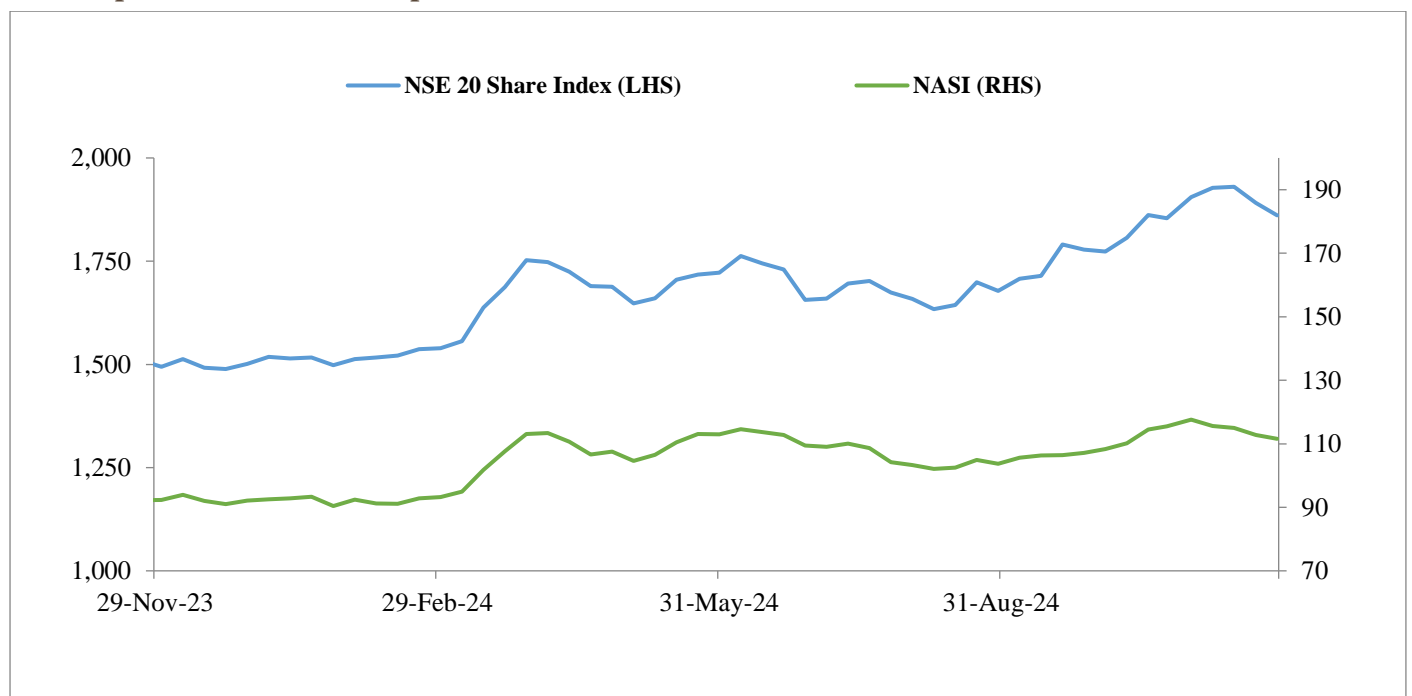


Source: CBK

Equity market trading commentary

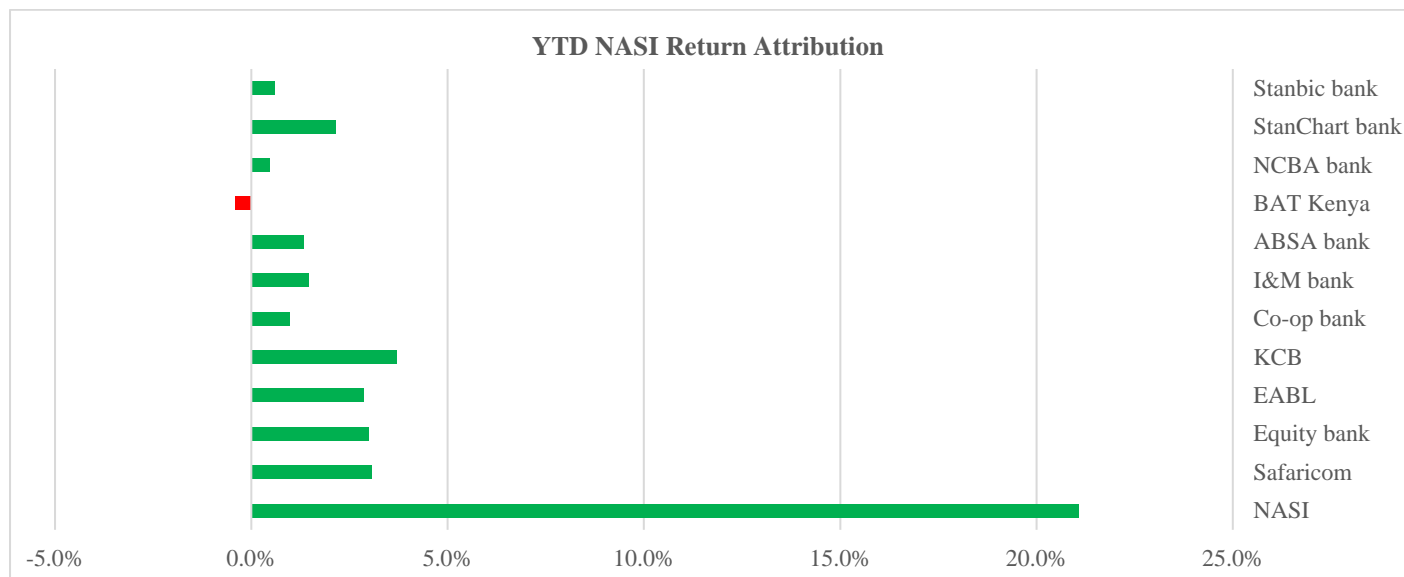
Market turnover grew by 101.6% to end at USD 20.0m (KES 2.6 bn). The NASI shed 1.0% to halt at 111.53, maintaining a four-week losing streak. The NSE-20 lost 1.6% to conclude at 1861.35. Foreign investors remained net sellers for the eighth week at USD 2.8m (KES 360.8m). Equity Bank registered the highest net foreign outflows at USD 2.0m (KES 254.4m), while Absa Bank marked the highest net foreign inflows at USD 0.1m (KES 13.9m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

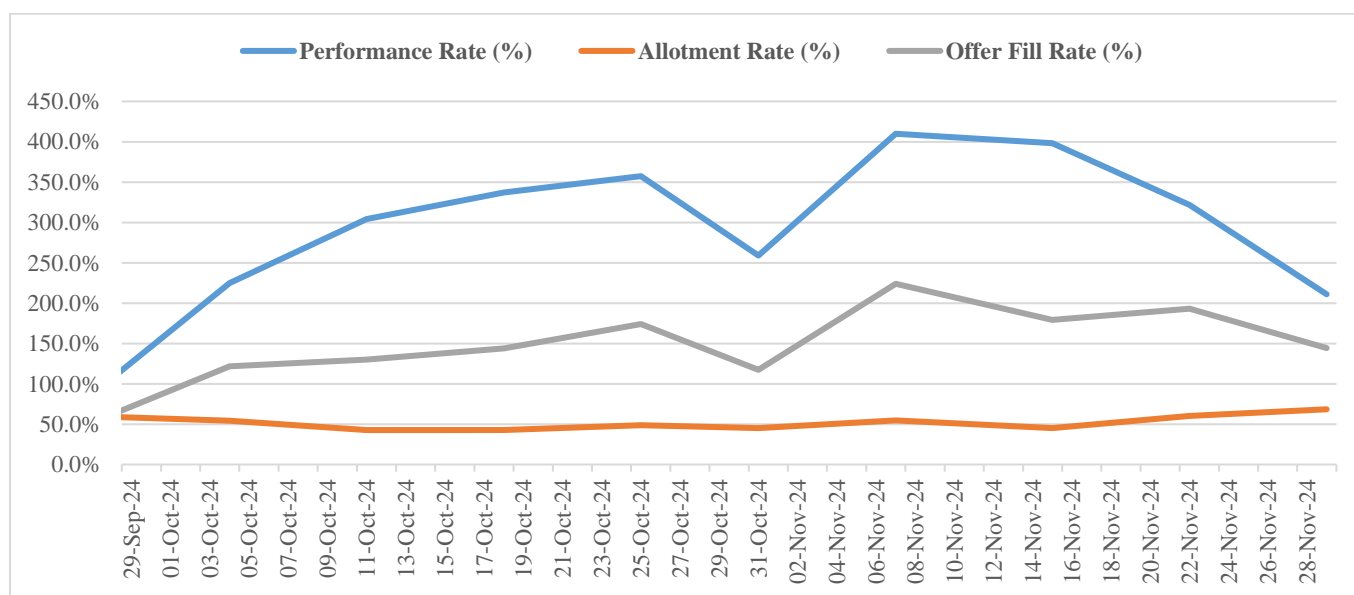
Total subscription rates fell to 211.1% from 321.8% the previous week, declining for the third week consecutively. Investors remained skewed on the 91-Day T-Bill. Activity declined for all the three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill falling repeatedly for the nineteenth week, and the 182-Day T-Bill and the 364-Day T-Bill retreating for the eighteenth week straight.

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 18.9 bn for the 91-Day T-Bill, implying a subscription rate of 470.44%. It accepted bids worth KES 16.0bn at an average yield of 11.250 % (-78.4 bps w/w).

The 182-Day T-Bill received bids worth KES 10.4 bn, implying a performance rate of 104.16%. It accepted bids worth KES 4.2bn at an average yield of 11.338 % (-87.2 bps w/w).

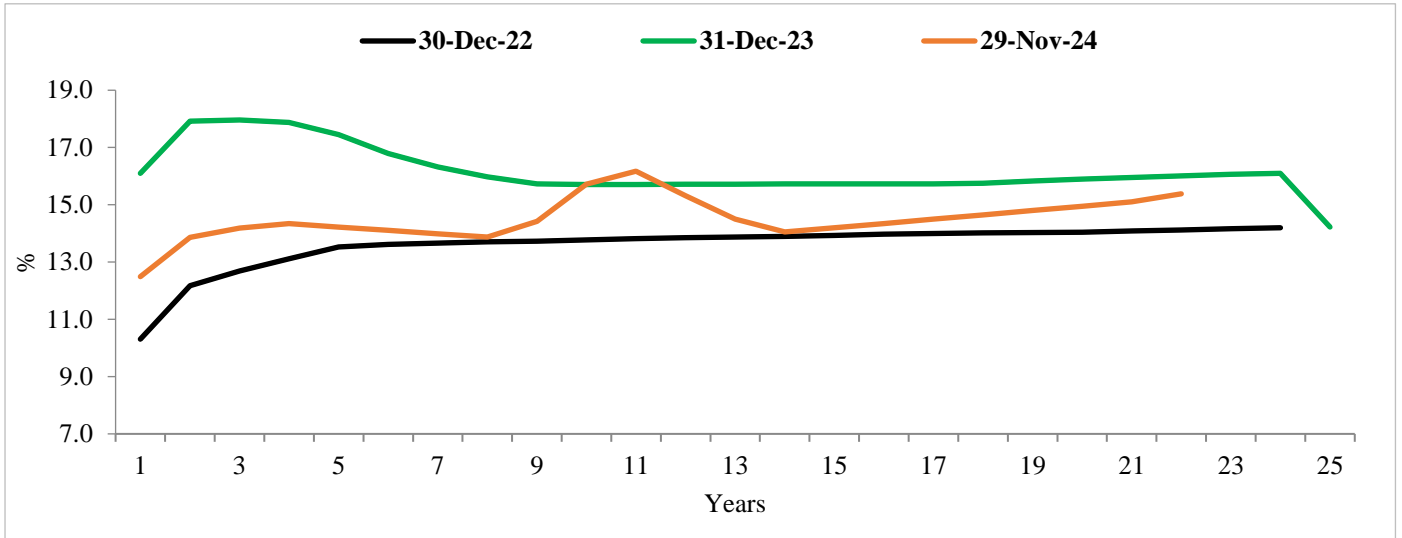
The 364-Day T-Bill received bids worth KES 21.4 bn, implying a performance rate of 214.22%. It accepted bids worth KES 14.5bn at an average yield of 12.490% (-80.5 bps w/w).

T-Bills Performance rates



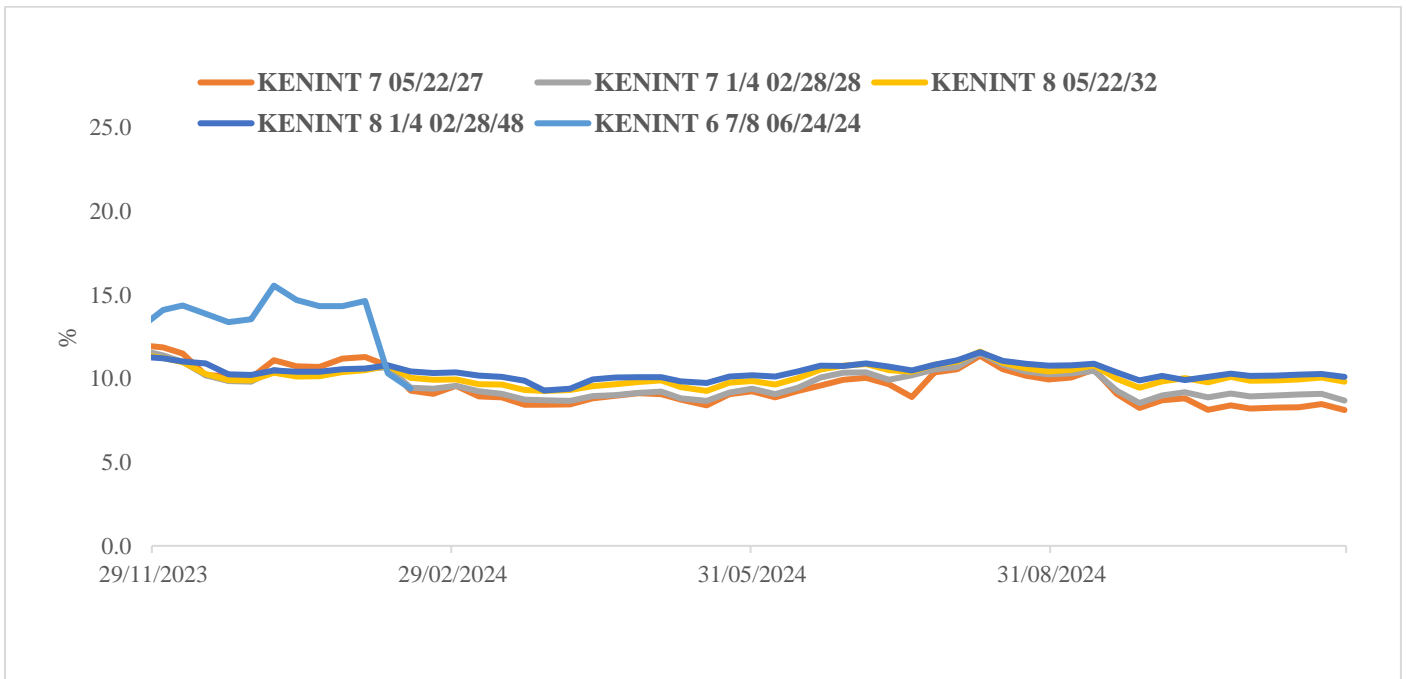
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields decline week-on-week across all tenors.



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	13.00	15.00	7.9	4,634	34.3%	1.06	1.20	4.7	14.1	8.0	3.2	22.7	852,587
Equity Bank	Banking	Dec	50.00	33.65	45.00	33.7	1,309	9.7%	20.58	4.00	48.7	2.2	8.9	0.9	42.2	282,814
EA Breweries	Breweries	Jun	199.75	100.00	165.75	45.4	1,011	7.5%	11.38	6.00	27.1	14.6	3.6	6.1	42.0	151,293
Co-op Bank	Banking	Dec	15.05	10.95	13.80	21.1	624	4.6%	6.91	1.50	18.4	2.0	10.9	0.7	37.5	41,566
NCBA Bank	Banking	Dec	45.20	36.30	43.15	10.8	548	4.1%	13.30	3.00	53.7	3.2	7.0	0.8	24.8	27,251
Absa Bank	Banking	Dec	15.55	10.95	14.95	30.6	626	4.6%	3.46	1.55	12.0	4.3	10.4	1.2	28.8	23,506
KCB Bank	Banking	Dec	39.55	18.60	38.40	75.3	952	7.0%	15.79	1.50	68.1	2.4	3.9	0.6	23.2	269,010
StanChart Bank	Banking	Dec	243.25	154.25	243.25	50.2	709	5.2%	38.05	37.00	158.0	6.4	15.2	1.5	24.1	32,209
Stanbic Bank	Banking	Dec	135.75	101.75	130.00	19.5	396	2.9%	31.16	15.00	140.8	4.2	11.5	0.9	22.1	24,763
BAT Kenya	Tobacco	Dec	436.75	331.75	350.00	-14.1	270	2.0%	48.82	54.02	163.8	7.2	15.4	2.1	29.8	41,436
BK Group	Banking	Dec	37.00	30.15	33.85	-5.4	234	1.7%	10.26	3.28	46.8	3.3	9.7	0.7	21.9	51,057
I&M Holdings	Banking	Dec	34.24	17.15	30.10	72.0	384	2.8%	8.48	3.85	47.8	3.6	12.8	0.6	17.7	28,720
Umeme Ltd.	Power	Dec	16.95	13.35	16.60	3.8	208	1.5%	0.26	0.92	22.0	63.5	5.5	0.8	1.2	3,642
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	82.00	33.95	63.25	76.4	177	1.3%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	49,132
KenGen	Power	Jun	4.13	1.96	3.46	72.1	176	1.3%	1.03	0.65	41.6	3.4	18.8	0.1	2.5	49,296
Jubilee Insurance	Insurance	Dec	200.00	150.00	172.00	-7.0	96	0.7%	67.32	12.00	613.8	2.6	7.0	0.3	11.0	9,199
DTB Bank	Banking	Dec	55.75	43.25	53.50	18.8	115	0.9%	29.76	6.00	256.8	1.8	11.2	0.2	11.6	22,422
Britam	Insurance	Dec	6.38	4.48	5.98	24.8	116	0.9%	1.45	-	9.2	4.1	-	0.6	15.6	2,361
Total Oil	Oil	Dec	23.75	16.00	20.80	15.6	101	0.7%	5.12	1.92	48.0	4.1	9.2	0.4	10.7	737
Kakuzi	Agric	Dec	440.00	353.50	397.00	3.1	60	0.4%	34.98	24.00	303.5	11.3	6.0	1.3	11.5	2,231
CIC Insurance	Insurance	Dec	2.52	1.98	2.04	-8.9	41	0.3%	0.55	-	3.3	3.7	-	0.6	16.9	1,472
Centum Investment	Finance	Mar	10.05	7.88	9.64	14.8	49	0.4%	(8.95)	0.32	55.8	-	3.3	0.2	(16.1)	15,580
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	32.10	-10.0	35	0.3%	(0.47)	4.00	24.1	-	6.3	2.6	(2.0)	49,132
Kenya Re	Insurance	Dec	2.87	1.04	1.14	-39.4	25	0.2%	1.78	0.30	13.4	0.6	26.3	0.1	13.2	32,675
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	14.40	-28.0	25	0.2%	3.11	0.50	61.7	4.6	3.5	0.2	5.0	1,052
Carbacid	Gases	July	24.10	14.65	17.90	19.3	35	0.3%	4.01	1.70	13.6	4.5	9.5	1.3	12.6	7,808
Nation Media	Media	Dec	22.00	11.95	11.95	-40.4	18	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,663
Kenya Power	Power	Jun	5.24	1.35	4.53	219.0	68	0.5%	15.41	0.70	29.1	0.3	15.5	0.2	52.9	57,609
TPSEA Serena	Tourism	Dec	20.05	11.55	14.20	-13.7	20	0.1%	8.08	-	33.3	1.8	-	0.4	24.3	226
Liberty K. Holdings	Insurance	Dec	8.00	3.56	7.12	93.0	29	0.2%	2.04	0.37	15.9	3.5	5.2	0.4	12.8	262
BOC Kenya	Gases	Dec	95.00	67.00	89.00	8.5	13	0.1%	10.73	8.55	85.1	8.3	9.6	1.0	12.6	2,713
NSE	Finance	Dec	6.62	5.44	5.96	-1.0	12	0.1%	0.21	0.16	7.1	28.3	2.7	0.8	3.0	4,897
Housing Finance	Banking	Dec	4.79	3.25	4.00	14.9	12	0.1%	1.23	-	20.5	3.3	-	0.2	6.0	366
Unga Ltd	Food	Jun	17.70	11.45	16.00	-5.0	9	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	420
Sanlam Kenya	Insurance	Dec	7.60	4.47	4.52	-24.7	5	0.0%	2.27	-	3.9	2.0	-	1.2	58.6	1,472
Car & Gen	Motors	Sept	30.40	18.85	21.05	-15.8	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	154
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.0%	0.11	1.00	80.9	-	0.3	4.5	0.1	-
WPP Scangroup	Media	Dec	2.80	1.90	2.02	-7.3	7	0.0%	0.06	-	11.9	31.8	-	0.2	0.5	792
EA Portland	Cement	Jun	50.75	4.46	33.40	317.5	23	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,562
Standard Newspapers	Media	Dec	8.70	4.70	4.70	-39.3	3	0.0%	(10.05)	-	0.4	-	-	10.7	(2,284)	43
Longhorn	Publishing	Jun	2.6	2.02	2.30	-4.6	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	53
TransCentury	Finance	Dec	0.71	0.32	0.40	-23.1	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	487
Average												12.6	9.5	2.1	24.3	2,159,400

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