

## Kenya Weekly Commentary

### Kenya Market Summary

#### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,854.6	-0.1%	-2.1%	-8.4%	-2.5%	3.2%	-0.7%
Kenya NASI Return	163.6	0.5%	-2.8%	-8.8%	-5.1%	10.5%	7.6%
FTSE NSE Kenya 15 Return	200.5	0.9%	-3.5%	-6.7%	-0.9%	17.5%	12.6%
FTSE NSE Kenya 25 Return	218.1	0.7%	-3.6%	-8.3%	-4.3%	13.9%	10.4%
FTSE Kenya Bond Index Return	96.3	-0.2%	-0.3%	-0.6%	-1.0%	-1.7%	-1.8%

Source: NSE, Kestrel Research

#### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.7%	-3.3%	-11.5%	-12.1%	9.3%	4.2%
Johannesburg Index	0.6%	0.9%	5.4%	-2.3%	10.0%	11.5%
Nigeria Stock Exchange	1.4%	-1.9%	5.0%	9.5%	9.1%	1.6%
Ghana Stock Exchange	-2.7%	-7.2%	-6.2%	-0.7%	37.4%	34.3%
Egyptian Stock Exchange	1.0%	2.6%	10.8%	10.2%	7.4%	7.6%
MSCI EFM ex SA Index	0.5%	-3.1%	-1.5%	0.2%	5.8%	5.1%

#### Other market statistics

Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)
USD/KES	113.02	-0.1%	-0.6%	-2.2%	-4.3%	-1.4%
USD/ZAR	15.82	1.1%	-0.6%	-5.5%	-8.8%	-8.1%
USD/EGP	15.74	-0.1%	-0.2%	-0.1%	-0.2%	-0.2%
USD/NGN	414.52	0.0%	-0.2%	-0.3%	-0.9%	-5.3%
USD/GHS	6.18	-0.3%	-1.2%	-2.1%	-4.0%	-5.1%

#### 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	1,058.6	-296.3	80.3%	0.4%	10.8%	-15.6%	12.1%
EABL	467.8	-220.3	62.9%	-0.5%	-3.9%	-23.5%	0.0%
KCB bank	405.6	30.0	10.2%	2.0%	15.7%	-11.6%	23.5%
Equity bank	83.6	-20.9	30.8%	2.4%	33.1%	-10.3%	40.6%
BAT Kenya	70.8	-0.3	92.6%	1.2%	20.5%	-13.0%	20.5%

#### Equity market commentary and outlook

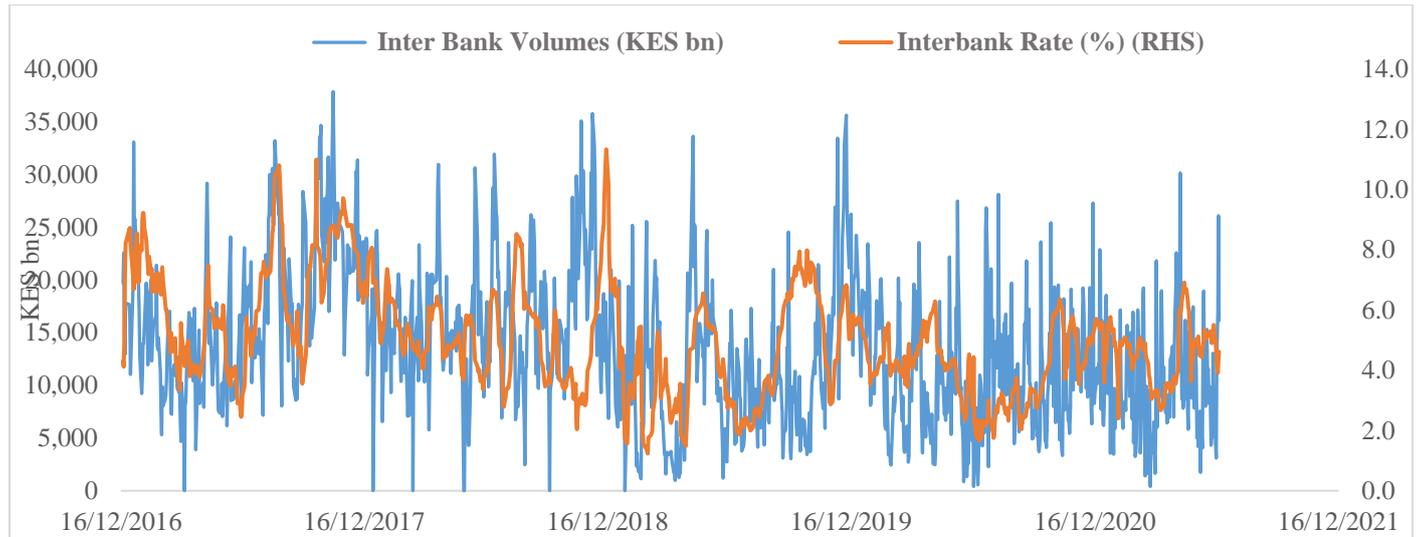
- Last week, EABL (-0.5% w/w) traded down to its 12-month low of KES 148.25, largely driven by foreign selling. KCB (+2.0% w/w) continued to see local demand, gaining for the second straight week to hit a 17-day high. BAT Kenya (+1.2% w/w) recovered to a 2-month high and Safaricom inched up 0.4% w/w to a 12-day high.

#### Debt market commentary and outlook

- Overall subscription rate rose to 87.4%, up from 65.7% in the prior week, driven by high demand on the 182-Day paper. After gaining for four straight weeks, the yield on the 91-Day T-Bill inched down week-on-week. However, yields on the 182-Day and 364-Day T-Bills sustained their upward trend.

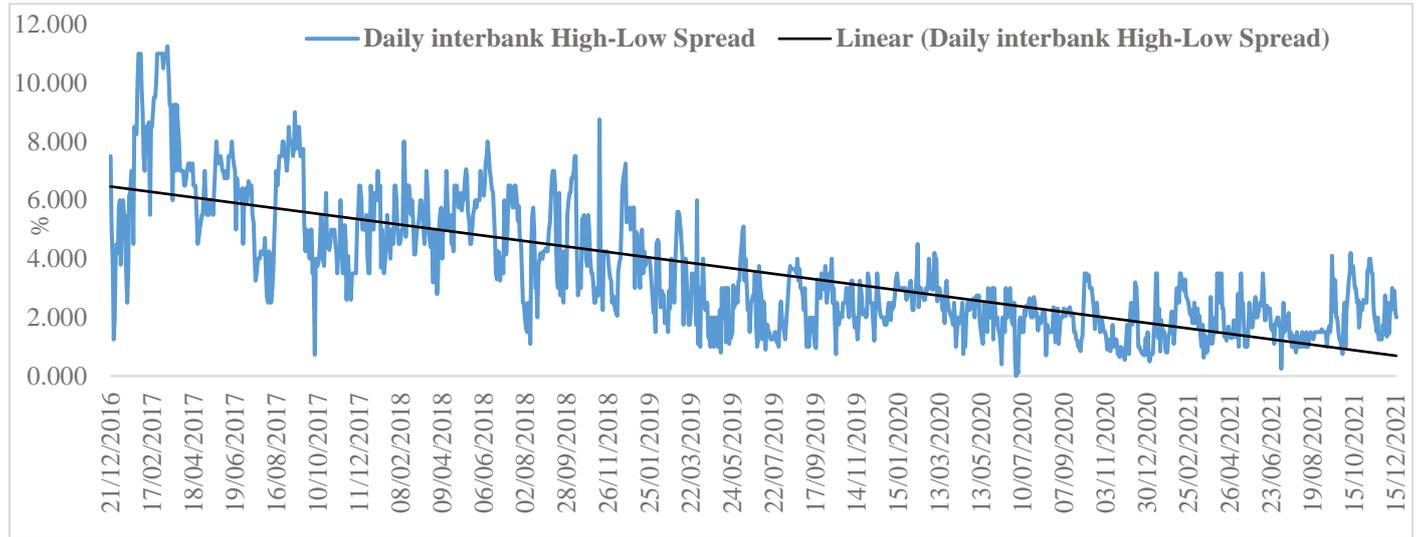
**Key Rates and Spreads**

**Inter-bank rate drops to a 3-month low**



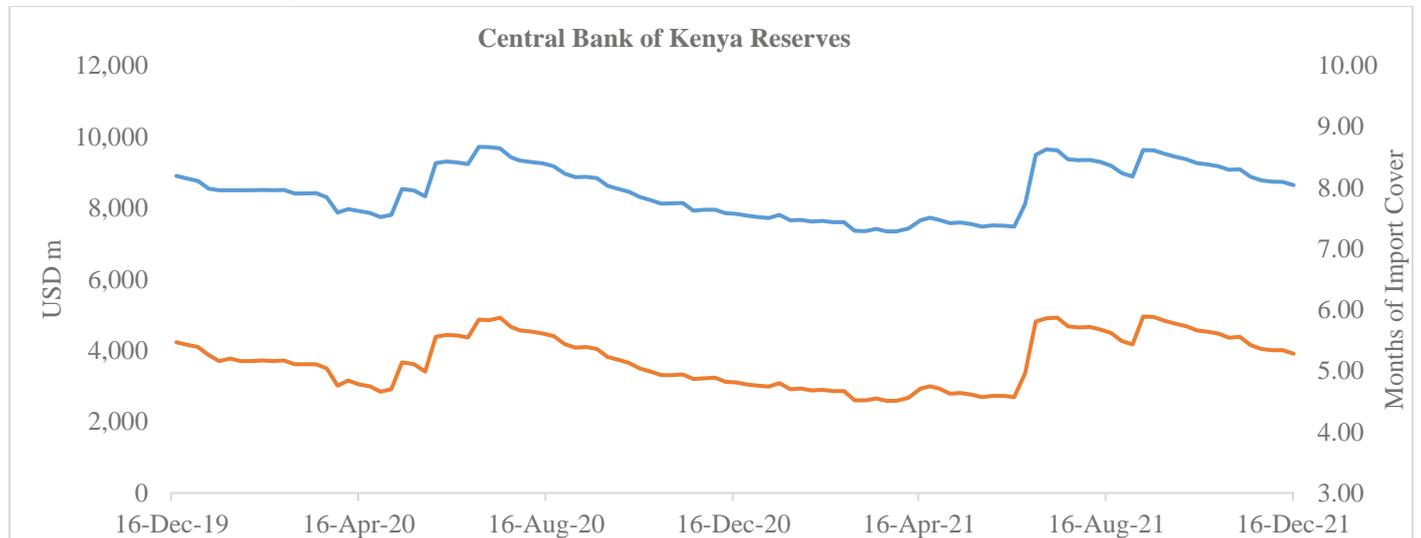
Source: CBK

**Inter-bank spread widens for the third consecutive week**



Source: CBK

**Forex reserves and import cover decline for the fifth week in a row**



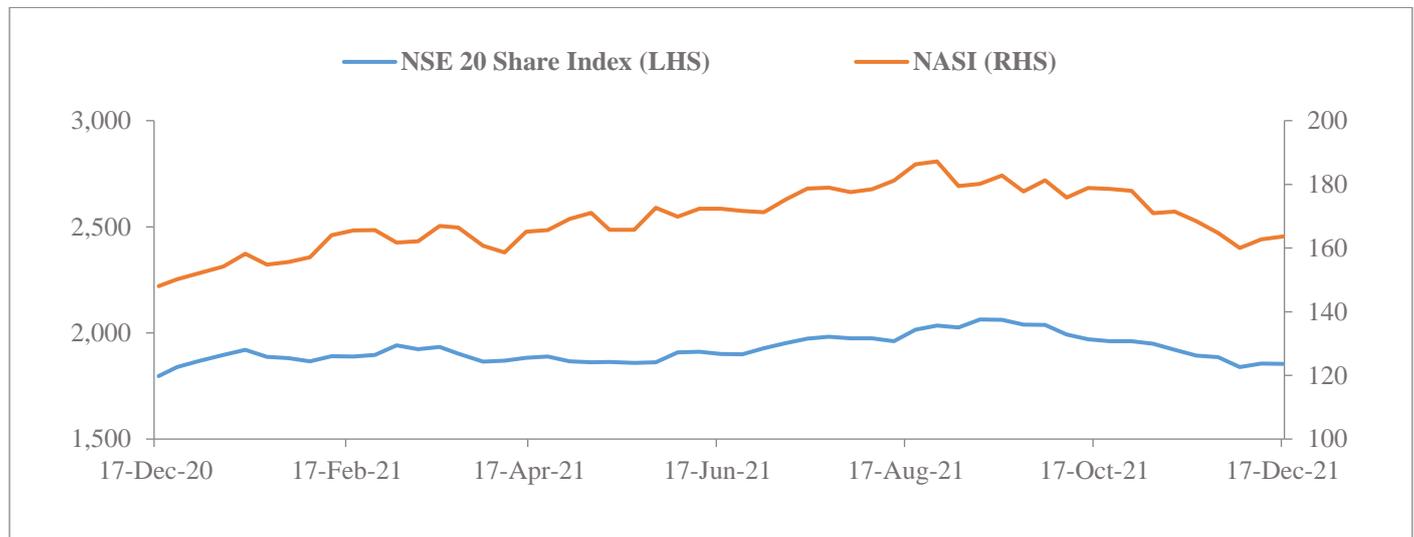
Source: CBK

## Equity market trading commentary

Weekly turnover declined 41.5% to end at USD 20.4m (KES 2.3bn). Extending its gains for the second consecutive week, the NASI inched up 0.5% w/w to settle at 163.64. However, the NSE 20 erased some of its previous gains, easing 0.1% w/w to close at 1,854.55. Local trading declined further to 42.5% of the market, down from 49.0% in the previous week. Foreign investors remained net sellers for the eighth straight week at USD 4.3m (KES 488.8m). Safaricom and EABL marked the highest net foreign outflows at USD 2.6m (KES 296.3m) and USD 1.9m (KES 220.3m), respectively. Equity bank followed with a net foreign outflow of USD 0.2m (KES 20.9m). On the other hand, KCB bank recorded the highest net foreign inflows at USD 0.3m (KES 30.0m). Nairobi Securities Exchange and Co-op bank registered marginal net foreign inflows of USD 94.3k (KES 10.7m) and USD 90.0k (KES 10.2m), respectively.

Last week, EABL (-0.5% w/w) traded down to its 12-month low of KES 148.25, largely driven by foreign selling. KCB (+2.0% w/w) continued to see local demand, gaining for the second straight week to hit a 17-day high. BAT Kenya (+1.2% w/w) recovered to a 2-month high and Safaricom inched up 0.4% w/w to a 12-day high. NCBA bank (+4.2% w/w) touched a 2-month high and ABSA bank (+1.4% w/w) closed near its 12-month high of KES 11.25. Kakuzi (-9.1% w/w) was the top loser for the week as it edged down to a 17-day low while Umeme (+9.5% w/w) emerged as the top gainer.

### Market performance over the past 12 months



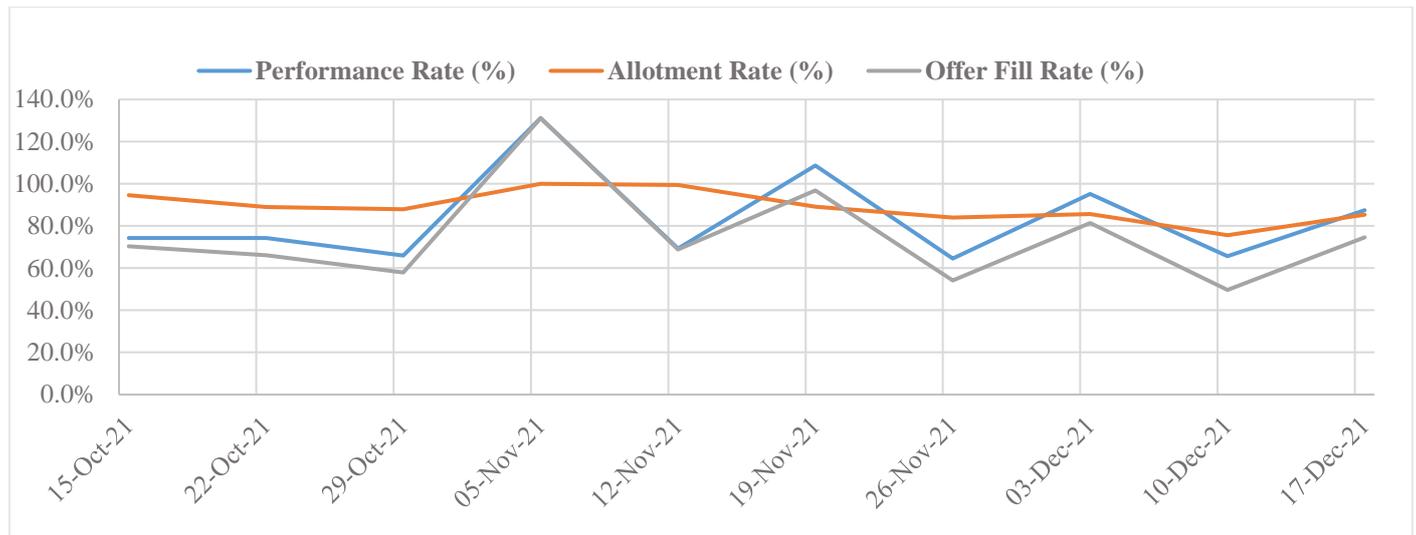
Source: NSE

## Debt market trading commentary

Overall subscription rate rose to 87.4%, up from 65.7% in the prior week, driven by high demand on the 182-Day paper. After gaining for four straight weeks, the yield on the 91-Day T-Bill inched down week-on-week. However, yields on the 182-Day and 364-Day T-Bills sustained their upward trend.

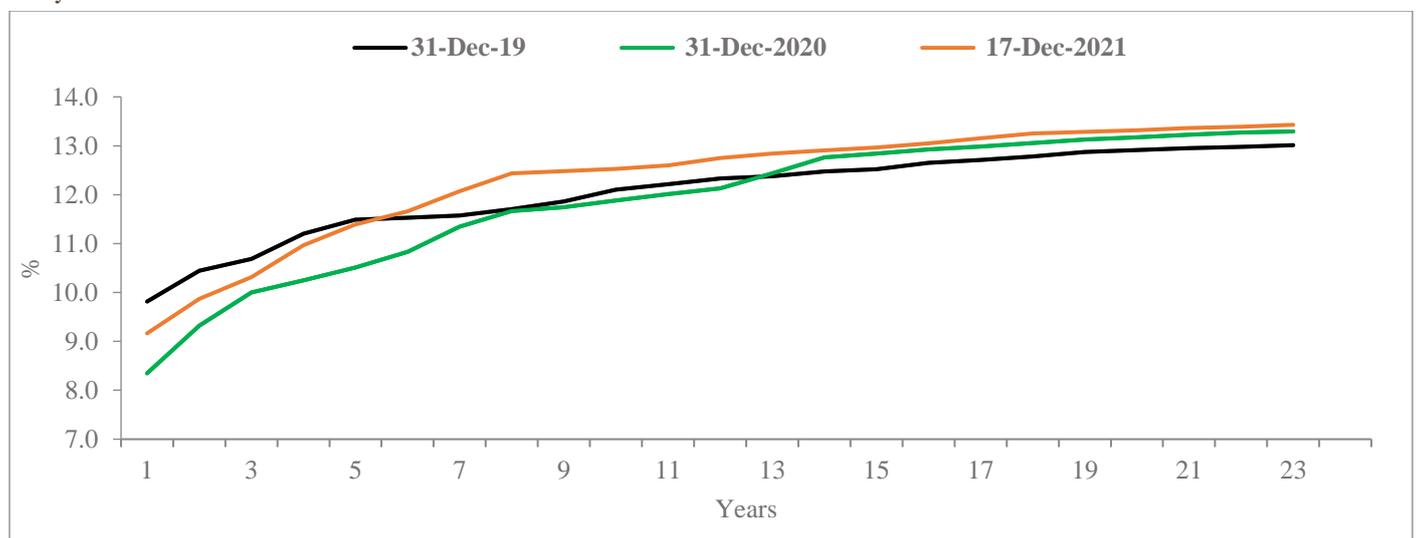
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 4.5bn for the 91-Day T-Bill, implying a subscription rate of 113.2%. It accepted bids worth KES 3.5bn at an average yield of 7.265% (-1.5bps w/w). The 182-Day T-Bill received bids worth KES 11.2bn, implying a performance rate of 112.2%. It accepted bids worth KES 9.2bn at an average yield of 7.997% (+1.3ps w/w). The 364-Day T-Bill received bids worth KES 5.2bn, implying a performance rate of 52.3%. It accepted bids worth KES 5.1bn at an average yield of 9.164% (+7.3bps w/w).

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



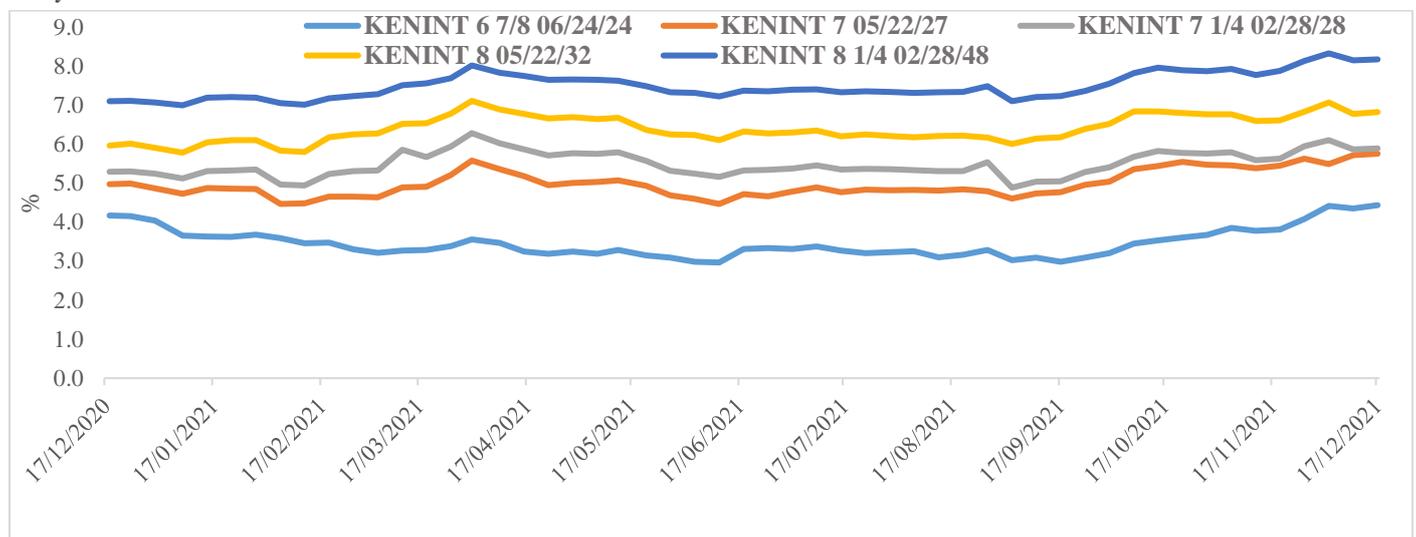
Source: CBK

**Kenya Domestic Yield Curve**



Source: CBK

**Kenya Eurobond Yields: Yields across all maturities increase week-on-week**



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading <sup>1</sup>
		end	High	Low		%						ratio x	yld %	ratio x		vol (USD)
Safaricom	Telecom	Mar	44.95	33.85	37.95	10.8	13,454	59.4%	1.81	1.37	3.4	20.9	3.6	11.1	53.2	2,769,723
Equity Bank	Banking	Dec	54.25	34.60	48.65	33.1	1,625	7.2%	8.30	-	41.4	5.9	-	1.2	20.0	713,342
KCB Bank	Banking	Dec	49.90	35.70	44.10	15.7	1,254	5.5%	10.56	2.00	50.7	4.2	4.5	0.9	20.8	634,346
EA Breweries	Breweries	Jun	193.75	148.25	148.25	-3.9	1,037	4.6%	5.51	-	7.8	26.9	-	19.0	70.4	491,611
Co-op Bank	Banking	Dec	13.95	11.60	12.30	-1.6	639	2.8%	2.16	1.00	16.2	5.7	8.1	0.8	13.3	51,412
Absa Bank	Banking	Dec	11.25	8.62	11.20	15.9	538	2.4%	1.93	-	10.1	5.8	-	1.1	19.2	69,050
StanChart Bank	Banking	Dec	146.75	124.00	126.50	-12.3	423	1.9%	19.75	15.50	140.4	6.4	12.3	0.9	14.1	39,093
BAT Kenya	Tobacco	Dec	499.75	361.00	435.00	20.5	385	1.7%	57.23	45.00	105.2	7.6	10.3	4.1	54.4	71,189
NCBA Bank	Banking	Dec	28.15	22.95	25.05	-6.4	365	1.6%	5.21	2.25	45.4	4.8	9.0	0.6	11.5	43,327
Stanbic Bank	Banking	Dec	95.25	74.00	92.50	8.8	324	1.4%	17.12	5.50	113.2	5.4	5.9	0.8	15.1	64,806
I&M Holdings	Banking	Dec	25.00	20.35	20.80	-7.6	304	1.3%	5.54	2.25	41.1	3.8	10.8	0.5	13.5	15,063
KenGen	Power	Jun	5.18	3.91	4.13	-12.3	241	1.1%	0.15	0.18	31.9	27.7	4.4	0.1	0.5	18,164
Jubilee Insurance	Insurance	Dec	390.00	261.75	329.75	16.1	211	0.9%	94.16	10.00	507.5	3.5	3.0	0.6	18.6	25,030
Bank of Kigali	Banking	Dec	40.00	18.50	26.40	28.8	209	0.9%	6.11	1.58	34.0	4.3	6.0	0.8	18.0	2,252
Kenya Airways	Airlines	Dec	3.99	3.83	3.83	0.0	193	0.8%	(5.88)	-	(13.0)	-	-	-	-	-
Britam	Insurance	Dec	8.38	6.72	7.10	-2.2	159	0.7%	(2.82)	-	7.2	-	-	1.0	(39.2)	4,397
DTB Bank	Banking	Dec	77.50	54.75	57.00	-24.0	141	0.6%	14.50	-	241.4	3.9	-	0.2	6.0	13,392
Total Oil	Oil	Dec	26.30	21.85	23.20	-3.3	129	0.6%	6.14	1.57	43.8	3.8	6.8	0.5	14.0	1,345
Bamburi Cement	Cement	Dec	46.35	33.55	35.05	-7.4	113	0.5%	2.91	3.00	83.5	12.0	8.6	0.4	3.5	26,449
Umeme Ltd.	Power	Dec	7.40	5.48	6.90	-5.2	99	0.4%	0.80	0.37	14.8	8.7	5.3	0.5	5.4	1,158
Centum Investment	Finance	Mar	18.00	14.30	14.45	-10.0	85	0.4%	(2.42)	0.33	69.7	-	2.3	0.2	(3.5)	26,478
Kakuzi	Agric	Dec	423.50	327.75	385.00	5.5	67	0.3%	27.77	18.00	275.9	13.9	4.7	1.4	10.1	2,877
Kenya Re	Insurance	Dec	2.70	2.22	2.22	-4.3	55	0.2%	1.05	0.20	12.3	2.1	9.0	0.2	8.6	6,916
CIC Insurance	Insurance	Dec	3.39	2.00	2.14	0.5	50	0.2%	0.12	-	2.9	17.1	-	0.7	4.3	1,951
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	47	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Sasini Tea & Coffee	Agric	Sept	22.40	16.50	20.30	4.1	41	0.2%	(1.48)	0.50	56.5	-	2.5	0.4	(2.6)	26,107
Crown Paints	Manufac.	Dec	42.80	19.65	31.50	-17.1	40	0.2%	5.66	-	14.8	5.6	-	2.1	38.4	1,245
Liberty K. Holdings	Insurance	Dec	10.30	6.52	7.24	-6.0	34	0.2%	1.04	-	16.7	7.0	-	0.4	6.2	283
Nation Media	Media	Dec	26.10	12.65	18.50	19.7	34	0.1%	3.50	1.36	38.7	5.3	7.4	0.5	9.0	5,864
Kenya Power	Power	Jun	2.02	1.28	1.73	1.2	30	0.1%	0.76	-	29.3	2.3	-	0.1	2.6	19,917
TPSEA Serena	Tourism	Dec	18.00	13.70	15.40	-3.8	25	0.1%	(4.70)	-	37.5	-	-	0.4	(12.5)	3,079
Carbacid	Gases	July	13.25	10.00	10.80	-10.7	24	0.1%	1.63	0.70	13.7	6.6	6.5	0.8	11.9	3,114
NSE	Finance	Dec	10.15	7.74	8.50	4.2	20	0.1%	0.61	0.53	8.2	14.0	6.2	1.0	7.4	8,815
Unga Ltd	Food	Jun	33.15	26.10	27.65	-13.1	19	0.1%	3.88	-	56.7	7.1	-	0.5	6.8	88
WPP Scangroup	Media	Dec	6.40	3.57	3.91	-34.8	15	0.1%	(4.01)	-	12.1	-	-	0.3	(33.2)	8,679
Sanlam Kenya	Insurance	Dec	14.00	9.16	11.50	-11.2	15	0.1%	(1.88)	-	9.5	-	-	1.2	(19.8)	283
Housing Finance	Banking	Dec	4.99	3.14	3.74	12.7	13	0.1%	(4.02)	-	20.8	-	-	0.2	(19.3)	3,460
BOC Kenya	Gases	Dec	75.25	57.00	72.00	14.3	12	0.1%	4.78	6.70	84.3	15.1	9.3	0.9	5.7	641
Car & Gen	Motors	Sept	36.00	20.00	34.00	54.5	12	0.1%	7.38	0.60	79.9	4.6	1.8	0.4	9.2	-
Standard Newspapers	Media	Dec	22.80	13.50	14.50	-35.6	10	0.0%	(1.45)	-	10.6	-	-	1.4	(13.7)	155
Longhorn	Publishing	Jun	4.9	3.64	4.00	-18.0	10	0.0%	0.03	-	2.7	145.8	-	1.5	1.0	1,436
Limuru Tea	Agric	Dec	360.00	263.00	300.00	-16.7	6	0.0%	(0.50)	0.70	75.9	-	0.2	4.0	(0.7)	2,134
EA Portland	Cement	Jun	11.25	6.06	6.06	-44.9	5	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	128
TransCentury	Finance	Dec	1.53	1.03	1.30	-10.3	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	47
											<b>16.3</b>	<b>3.7</b>	<b>7.8</b>	<b>40.2</b>	<b>5,193,067</b>	<b>16.3</b>

### **Disclaimer**

**Note:** Readers should be aware that Kestrel Capital (EA) Ltd does and seeks to do business with companies covered in its research reports. Consequently, a conflict of interest may arise that could affect the objectivity of this report. This document should only be considered a single factor used by investors in making their investment decisions. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions.

The opinions and information portrayed in this report may change without prior notice to investors. This publication may not be distributed to the public media or quoted or used by the public media without prior and express written consent of Kestrel Capital (EA) Ltd.

Directors, staff of Kestrel Capital (EA) Ltd and their family members, may from time to time hold shares in the company it recommends to either buy or sell and as such the investor should determine for themselves the applicability of this recommendation.

This document does not constitute an offer, or the solicitation of an offer, for the sale or purchase of any security. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and no responsibility or liability is accepted by Kestrel Capital or any employee of Kestrel Capital as to the accuracy of the information contained and opinions expressed herein.

---

**Kestrel Capital E.A. Ltd.**

Orbit Place, 2nd Floor  
Westlands Road

Tel: +254 20 2251758

research@kestrelcapital.com  
www.kestrelcapital.com

**Bloomberg: KEST <GO>**

---

#### **Equity Sales & Trading**

**Sally Kotut**  
sallyk@kestrelcapital.com

**Chris Miriti**  
chrism@kestrelcapital.com

**Amanda Onyango**  
amandao@kestrelcapital.com

---

#### **Research**

**Ephantus Maina**  
ephanusm@kestrelcapital.com

**Maureen Kirigua, CFA**  
maureenk@kestrelcapital.com

---

#### **Fixed Income Sales & Trading**

**Alexander Muiruri**  
alexanderm@kestrelcapital.com

**Edwin Muthaura**  
edwinm@kestrelcapital.com

---

#### **CEO & Executive Director**

**Francis Mwangi, CFA**  
francism@kestrelcapital.com