

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	16.80	85.2%	BUY
Equity bank	58.81	41.00	43.4%	BUY
KCB bank	62.39	29.40	112.2%	BUY
Co-op bank	18.13	12.05	50.5%	BUY
ABSA bank	12.32	12.40	-0.6%	HOLD
StanChart bank	108.61	165.50	-34.4%	SELL
NCBA bank	38.68	41.70	-7.2%	HOLD
I&M bank	30.56	19.00	60.8%	BUY
Stanbic bank	89.16	120.25	-25.9%	SELL
DTB bank	122.70	48.35	153.8%	BUY
EABL	164.58	143.00	15.1%	BUY
Bamburi Cement	51.96	26.00	99.9%	BUY
BAT Kenya	544.27	435.00	25.1%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, BK Group touched a 19-day low on account of bank foreign investors' sell-off. NCBA bank rallied to a 12-month high on the back of foreign demand.

Debt market commentary and outlook

- The overall subscription rates increased to 47.1%, up from 38.1% the prior week. For the second week straight, weak demand was witnessed across all tenors. The yield on the 91-Day T-Bill and 364-Day T-Bill tenor notched up for the fourteenth consecutive week while the yield on the 182-Day T-Bill went up for the ninth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,594.2	1.0%	-1.5%	1.0%	-4.2%	-7.7%	-4.9%
Kenya NASI Return	106.2	0.8%	-4.7%	-1.4%	-17.9%	-25.2%	-16.7%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.4%	-6.1%	-1.7%	-28.4%	-37.7%	-28.1%
Johannesburg Index	-6.3%	5.3%	-1.5%	-9.0%	2.0%	-2.4%
Nigeria Stock Exchange	0.9%	4.5%	-24.8%	-27.6%	-28.7%	-23.3%
Ghana Stock Exchange	7.4%	7.4%	23.2%	45.9%	1.4%	16.0%
Egyptian Stock Exchange	0.4%	1.9%	0.9%	5.0%	7.5%	-4.4%
MSCI EFM ex SA Index	0.1%	2.9%	3.3%	-2.2%	-6.4%	-1.7%

Other market statistics

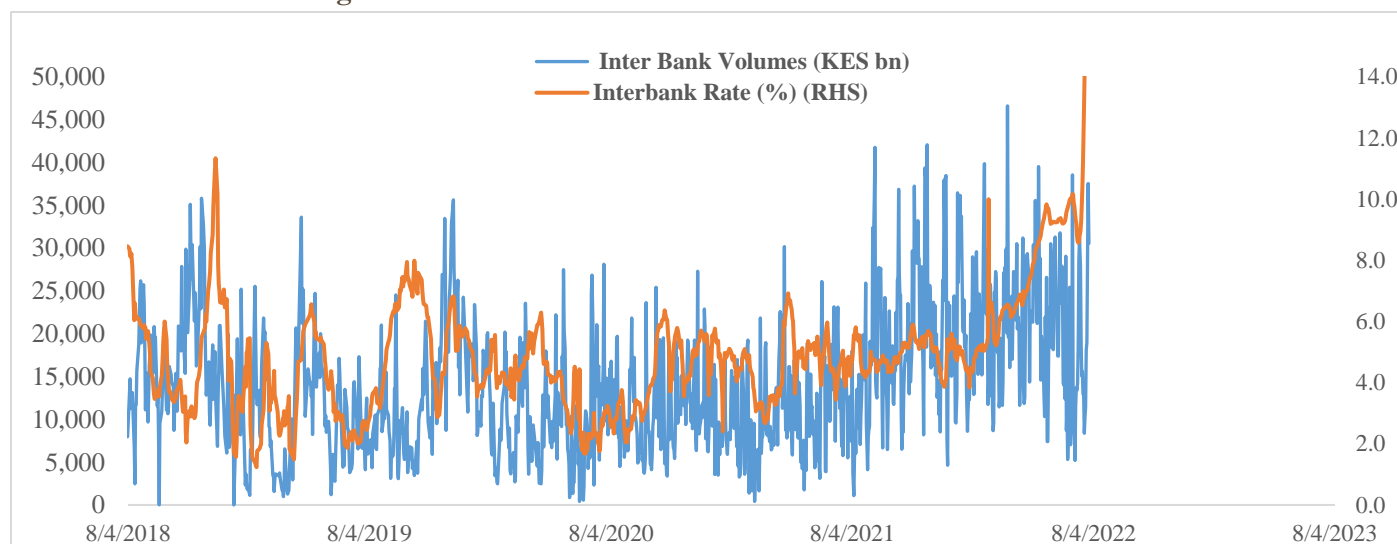
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	143.1	-0.5%	-1.5%	-4.6%	-12.9%	-16.7%	-13.7%
USD/ZAR	18.5	-4.5%	2.2%	-0.3%	-5.3%	-9.0%	-7.7%
USD/EGP	30.9	-0.1%	-0.1%	0.0%	-2.1%	-38.2%	-20.0%
USD/NGN	765.0	0.7%	0.6%	-39.5%	-39.8%	-44.5%	-39.8%
USD/GHS	11.2	1.6%	1.6%	4.3%	8.9%	-22.5%	-9.3%

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	133.2	1.1	58.3%	1.2%	-30.4%	-47.2%	29.2%
KCB bank	81.0	11.9	30.7%	3.0%	-22.8%	-32.4%	3.2%
Equity bank	44.4	-5.5	81.2%	1.0%	-7.9%	-23.0%	14.5%
Kenya RE	37.3	10.3	84.6%	6.1%	4.4%	-12.0%	24.0%
NCBA bank	29.2	0.1	0.2%	8.7%	6.0%	0.0%	64.2%

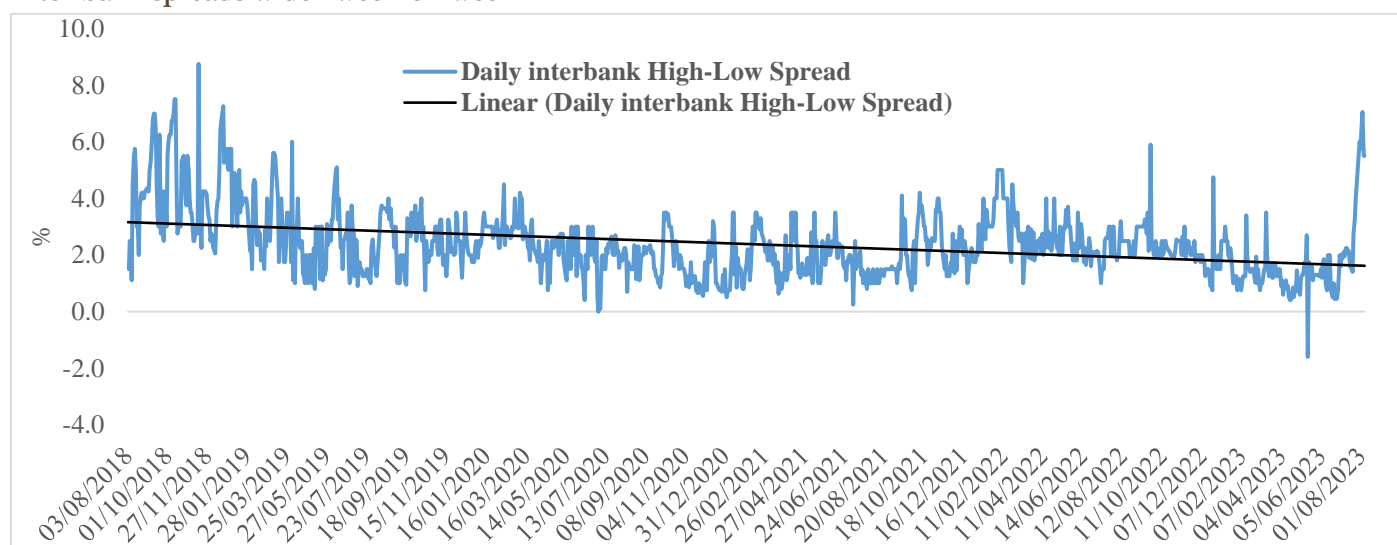
Key Rates and Spreads

Inter-bank rates remain high for the third week in a row



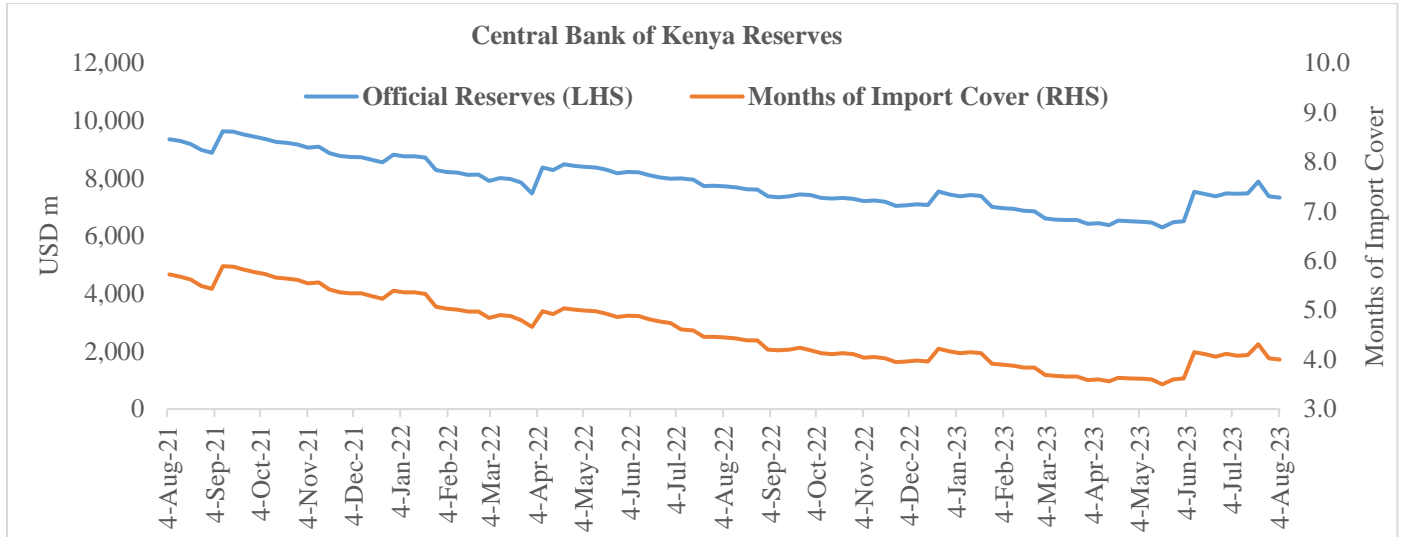
Source: CBK

Inter-bank spreads widen week-on-week



Source: CBK

Months of import cover & CBK FX reserves decrease for the second successive week



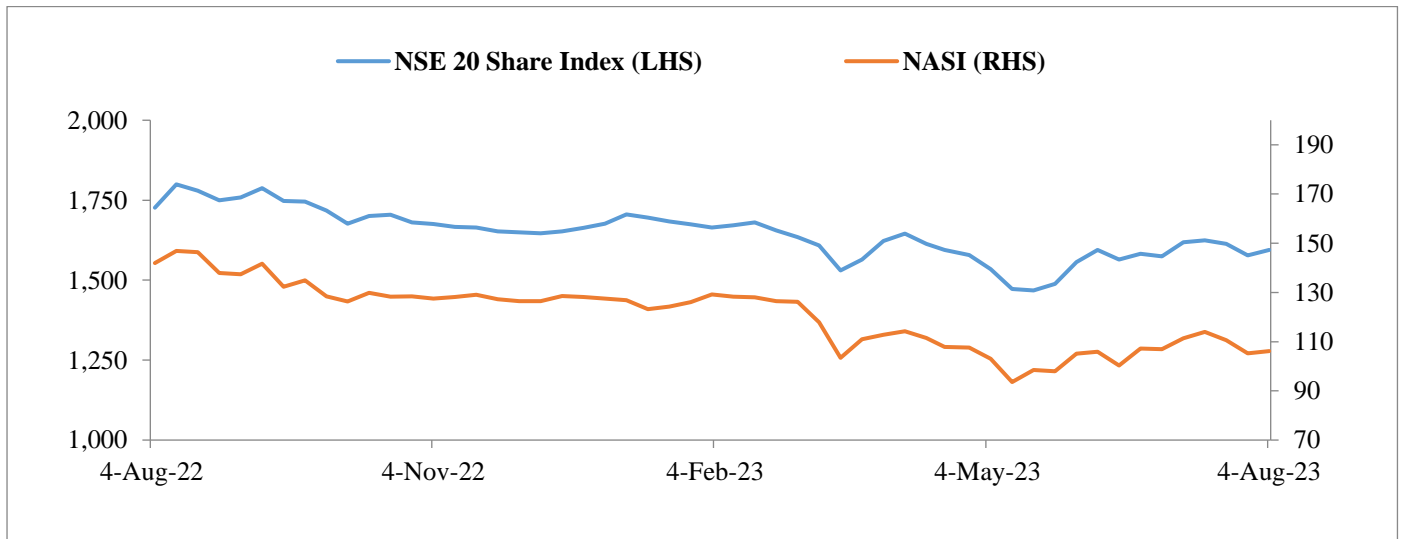
Source: CBK

Equity market trading commentary

Market turnover slumped by 90.4% w/w to settle at USD 2.9m (KES 0.4n). After two weeks of losses, the NASI notched up 0.8% w/w to end at 106.17 and the NSE 20 rose 1.0% to close at 1,5949. Foreign investors turned net buyers at USD 116.6k (KES 16.7m). For the fourth consecutive week, local investors drove trading at the bourse at 57.8% of total turnover, up from 50.7% recorded the previous week. KCB bank and Kenya RE posted the highest net foreign inflows while Equity bank and KenGen saw the highest net foreign outflows.

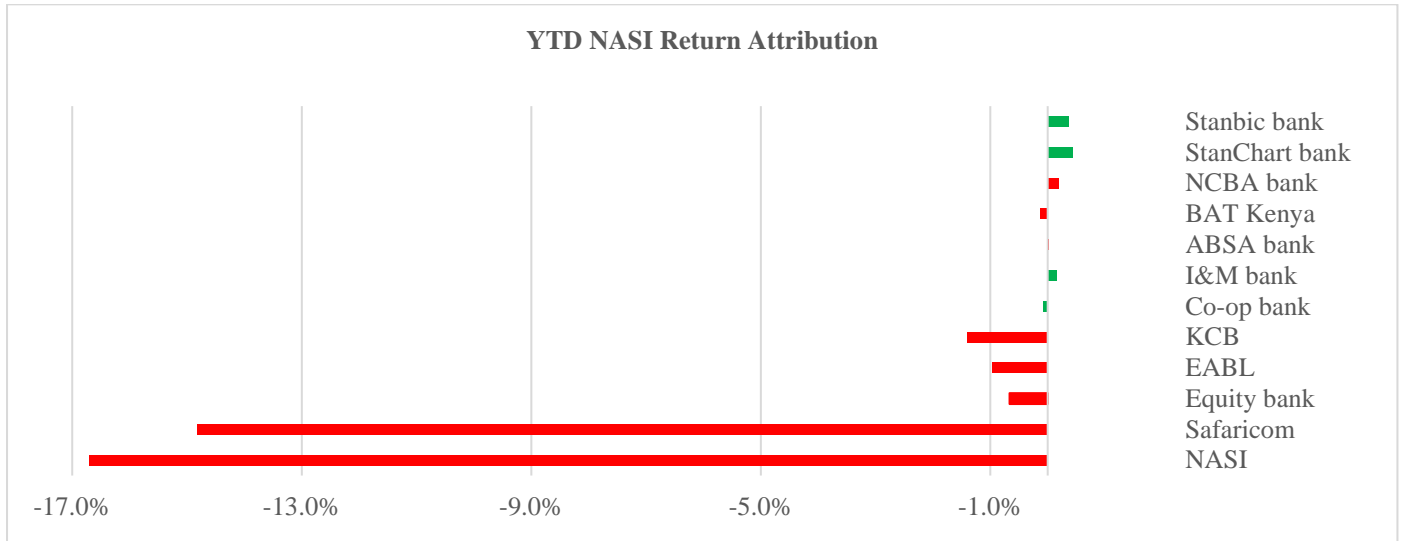
During the week, BK Group touched a 19-day low on account of bank foreign investors’ sell-off. NCBA bank rallied to a 12-month high on the back of foreign demand.

Market performance over the past 12 months



Source: NSE

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



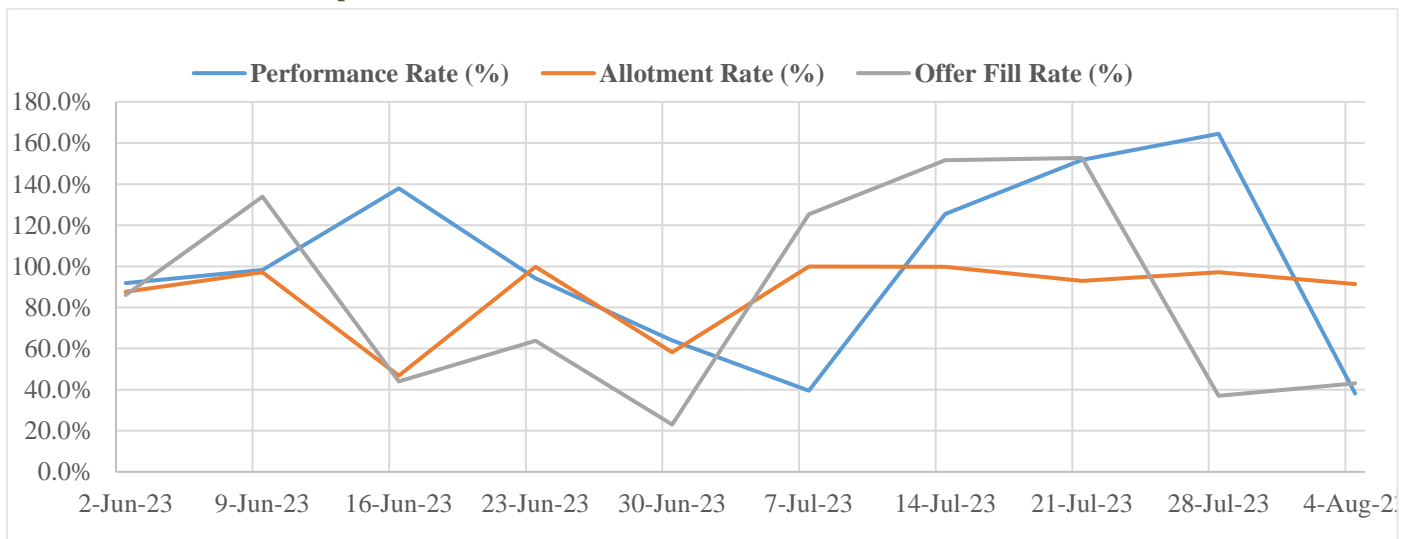
Source: Kestrel Research

Debt market trading commentary

The overall subscription rates increased to 47.1%, up from 38.1% the prior week. For the second week straight, weak demand was witnessed across all tenors. The yield on the 91-Day T-Bill and 364-Day T-Bill tenor notched up for the fourteenth consecutive week while the yield on the 182-Day T-Bill went up for the ninth successive week.

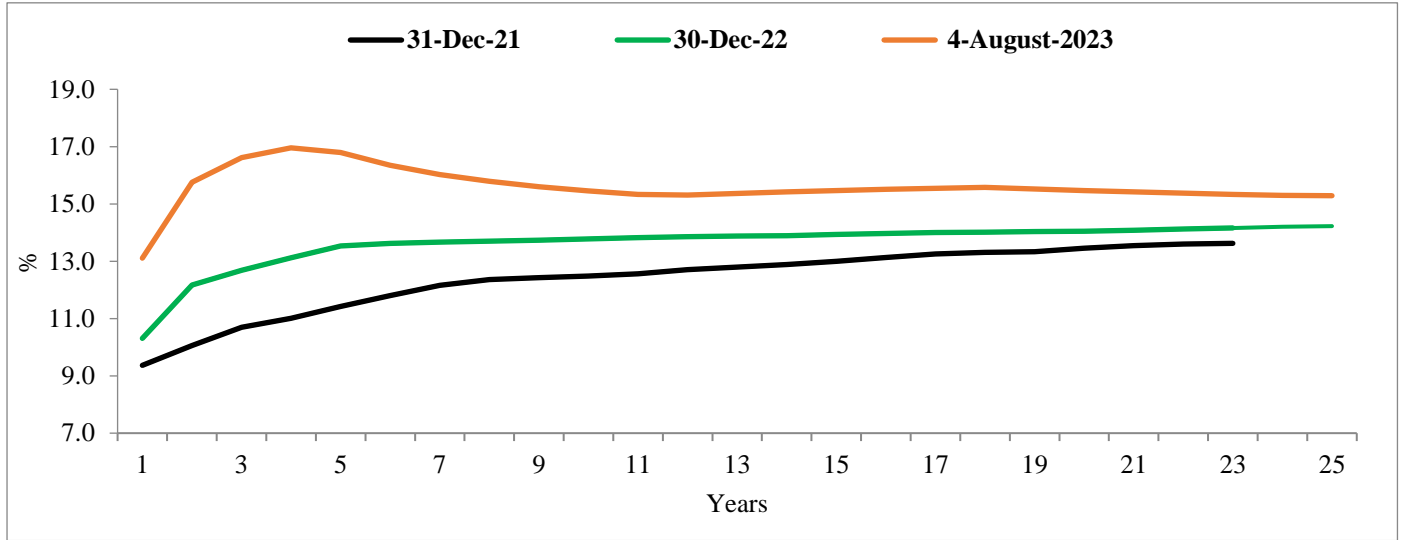
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 6.7bn for the 91-Day T-Bill, implying a subscription rate of 167.37%. It accepted bids worth KES 5.7bn at an average yield of 12.686% (+33.3bps w/w). The 182-Day T-Bill received bids worth KES 4.3bn, implying a performance rate of 43.48%. It accepted bids worth KES 4.3bn at an average yield of 12.558% (+16.6bps w/w). The 364-Day T-Bill received bids worth KES 0.3bn, implying a performance rate of 2.56%. It accepted bids worth KES 0.3bn at an average yield of 13.107% (+37.9bps w/w).

T-Bills Performance: Overall performance rates increase for the third consecutive week



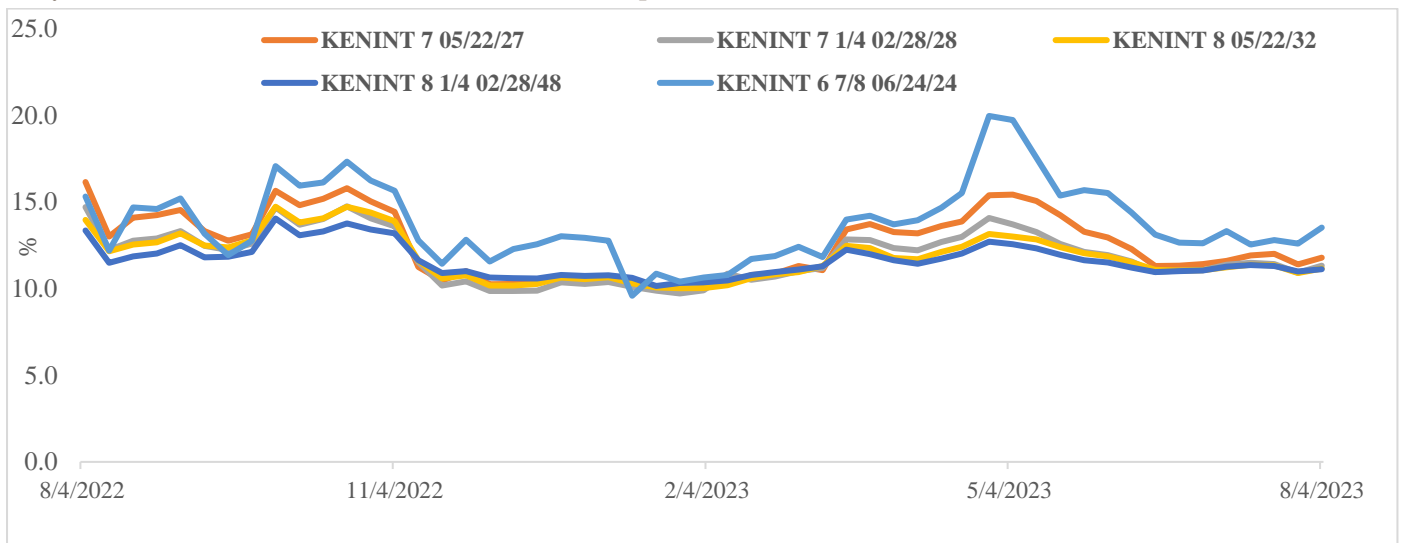
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors notch upwards week-on-week after two weeks of decline



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market ¹	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹	
Safaricom	Telecom	Mar	31.80	13.00	16.80	-30.4	4,711	40.5%	1.55	1.20	4.7	10.8	7.1	3.6	33.2	1,007,251	
Equity Bank	Banking	Dec	53.25	35.80	41.00	-7.9	1,083	9.3%	12.10	3.00	48.7	3.4	7.3	0.8	24.8	239,406	
EA Breweries	Breweries	Jun	187.00	137.00	143.00	-14.6	791	6.8%	12.47	5.50	27.1	11.5	3.8	5.3	46.1	86,050	
KCB Bank	Banking	Dec	43.50	28.50	29.40	-22.8	661	5.7%	12.55	2.00	64.8	2.3	6.8	0.5	19.4	125,644	
Co-op Bank	Banking	Dec	13.35	11.15	12.05	-2.0	495	4.3%	3.80	1.50	19.2	3.2	12.4	0.6	19.8	57,246	
NCBA Bank	Banking	Dec	41.70	25.40	41.70	6.0	481	4.1%	9.37	4.25	53.4	4.5	10.2	0.8	17.6	49,395	
Absa Bank	Banking	Dec	12.95	10.10	12.40	0.8	471	4.1%	2.96	1.35	12.5	4.2	10.9	1.0	23.7	44,096	
StanChart Bank	Banking	Dec	171.00	133.75	165.50	15.9	438	3.8%	35.25	22.00	159.8	4.7	13.3	1.0	22.1	33,715	
Stanbic Bank	Banking	Dec	129.75	92.00	120.25	17.9	333	2.9%	27.49	12.60	141.9	4.4	10.5	0.8	19.4	43,324	
BAT Kenya	Tobacco	Dec	479.75	401.50	435.00	-5.4	304	2.6%	68.92	57.00	163.8	6.3	13.1	2.7	42.1	55,285	
I&M Holdings	Banking	Dec	21.00	15.85	19.00	11.8	220	1.9%	6.76	2.25	47.7	2.8	11.8	0.4	14.2	11,180	
Bank of Kigali	Banking	Dec	37.00	27.00	31.00	-1.6	195	1.7%	7.66	3.28	43.7	4.0	10.6	0.7	17.5	11,543	
Umeme Ltd.	Power	Dec	17.75	6.62	14.30	92.7	163	1.4%	3.03	2.12	20.7	4.7	14.8	0.7	14.7	5,622	
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	152	1.3%	(2.79)	-	(14.7)	-	-	-	-	-	
KenGen	Power	Jun	3.81	2.15	2.40	-25.5	111	1.0%	0.70	0.18	42.0	3.4	7.5	0.1	1.7	4,842	
DTB Bank	Banking	Dec	55.25	44.00	48.35	-3.3	95	0.8%	22.53	3.00	260.9	2.1	6.2	0.2	8.6	13,327	
Jubilee Insurance	Insurance	Dec	265.00	148.25	186.25	-6.3	94	0.8%	82.21	14.00	618.5	2.3	7.5	0.3	13.3	4,367	
Total Oil	Oil	Dec	25.85	18.25	19.80	-17.0	87	0.8%	3.88	1.31	48.0	5.1	6.6	0.4	8.1	561	
Britam	Insurance	Dec	6.94	4.05	4.35	-16.3	77	0.7%	0.03	-	7.5	152.2	-	0.6	0.4	1,061	
Bamburi Cement	Cement	Dec	38.35	23.25	26.00	-17.5	66	0.6%	2.15	3.58	0.1	12.1	13.8	316.7	2,618.6	4,799	
Kakuzi	Agric	Dec	430.00	240.00	418.00	8.6	57	0.5%	43.15	24.00	303.5	9.7	5.7	1.4	14.2	445	
Centum Investment	Finance	Mar	10.05	7.90	9.10	8.9	42	0.4%	(8.95)	0.60	55.8	-	6.6	0.2	(16.1)	4,622	
Sasini Tea & Coffee	Agric	Sept	31.40	20.00	25.80	14.9	41	0.4%	3.82	1.00	61.7	6.8	3.9	0.4	6.2	776	
Crown Paints	Manufac.	Dec	44.80	32.30	41.00	-2.0	41	0.4%	5.13	4.00	24.1	8.0	9.8	1.7	21.3	347	
CIC Insurance	Insurance	Dec	2.21	1.68	2.21	13.3	40	0.3%	0.42	0.13	3.3	5.3	5.9	0.7	12.8	3,641	
Kenya Re	Insurance	Dec	2.17	1.54	1.91	4.4	37	0.3%	1.17	0.10	13.4	1.6	5.2	0.1	8.7	6,129	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	37	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Carbacid	Gases	July	17.00	11.40	16.75	39.6	30	0.3%	2.98	0.70	13.6	5.6	4.2	1.2	21.9	2,948	
Nation Media	Media	Dec	20.85	14.15	20.10	26.0	27	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	15,488	
Kenya Power	Power	Jun	2.08	1.38	1.57	0.6	21	0.2%	(0.75)	-	30.2	-	-	0.1	(2.5)	8,357	
Liberty K. Holdings	Insurance	Dec	7.48	3.60	4.00	-28.6	15	0.1%	0.15	-	15.9	26.2	-	0.3	1.0	92	
TPSEA Serena	Tourism	Dec	17.50	10.85	11.50	-13.9	15	0.1%	(3.47)	-	33.3	-	-	0.3	(10.4)	642	
Housing Finance	Banking	Dec	5.08	2.86	4.98	56.1	13	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,452	
NSE	Finance	Dec	8.02	5.62	6.18	-8.8	11	0.1%	0.05	0.20	7.1	116.9	3.2	0.9	0.7	3,274	
BOC Kenya	Gases	Dec	90.25	65.00	73.00	3.2	10	0.1%	7.58	5.95	85.1	9.6	8.2	0.9	8.9	194	
Unga Ltd	Food	Jun	34.75	15.00	17.20	-46.3	9	0.1%	2.48	-	58.3	6.9	-	0.3	4.2	76	
WPP Scangroup	Media	Dec	3.95	2.57	2.96	-1.7	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	466	
Car & Gen	Motors	Sept	49.00	25.00	30.90	-34.9	9	0.1%	26.33	3.20	135.8	1.2	10.4	0.2	19.4	173	
Sanlam Kenya	Insurance	Dec	11.70	7.02	7.58	-20.9	8	0.1%	(3.77)	-	3.9	-	-	2.0	(97.1)	92	
Limuru Tea	Agric	Dec	510.00	400.00	430.00	2.4	7	0.1%	4.73	2.50	80.9	91.0	0.6	5.3	5.8	1,703	
Standard Newspapers	Media	Dec	14.75	7.96	8.50	-18.7	5	0.0%	(10.05)	-	0.4	-	-	19.3	(2,284.0)	27	
Longhorn	Publishing	Jun	4.07	2.01	2.45	-18.3	5	0.0%	0.62	-	2.8	4.0	-	0.9	22.2	262	
EA Portland	Cement	Jun	8.40	5.32	7.32	7.6	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	25	
TransCentury	Finance	Dec	1.30	0.53	0.53	-43.0	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	93	
												Average	13.7	7.9	4.0	40.1	1,855,819

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