

## Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	23.50	49.8%	BUY
Equity bank	70.69	45.55	55.2%	BUY
KCB bank	68.17	39.20	73.9%	BUY
Co-op bank	19.83	12.40	59.9%	BUY
ABSA bank	14.44	12.05	19.8%	BUY
StanChart bank	122.25	150.50	-18.8%	SELL
NCBA bank	43.98	39.65	10.9%	HOLD
I&M bank	32.61	17.40	87.4%	BUY
Stanbic bank	109.98	102.50	7.3%	HOLD
DTB bank	130.90	52.00	151.7%	BUY
EABL	223.42	173.75	28.6%	BUY
Bamburi Cement	60.07	31.45	91.0%	BUY
BAT Kenya	549.38	460.00	19.4%	BUY

## Kenya Weekly Commentary

### Kenya Market Summary

#### Equity market commentary and outlook

- During the week, on account of foreign investors' sell-off, Safaricom traded down to the lowest levels since January 2019. However, driven by foreign demand, Equity bank hit an 11-day high. On the back of continued local demand, NCBA bank rallied for seven straight weeks to reach a 7-year high.

#### Debt market commentary and outlook

- Overall subscription rates bounced to 131.7%, up from 17.9% recorded prior week, buoyed by sustained demand on the 91-Day T-Bill. After breaking the upward trajectory on the 91-Day T-Bill yield the previous week, the yield edged up during the week. The yield on the 182-day T-Bill trended up for the twenty-third successive week.

### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,705.3	1.7%	3.6%	-0.7%	0.8%	-11.2%	1.7%
Kenya NASI Return	126.9	-0.5%	0.3%	-1.2%	-6.3%	-26.1%	-0.5%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-19.9%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-26.0%	0.0%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	0.0%	-1.4%	0.0%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.6%	-0.3%	-1.7%	-9.5%	-32.3%	-0.6%
Johannesburg Index	3.1%	2.9%	22.0%	9.8%	-6.5%	3.1%
Nigeria Stock Exchange	-0.8%	0.5%	1.5%	-9.1%	4.5%	-0.8%
Ghana Stock Exchange	-1.5%	24.2%	2.1%	-24.2%	-46.4%	-1.5%
Egyptian Stock Exchange	0.0%	-2.2%	15.9%	27.1%	-23.0%	0.0%
MSCI EFM ex SA Index	-1.1%	-4.7%	2.1%	-4.7%	-26.7%	-1.1%

**Other market statistics**

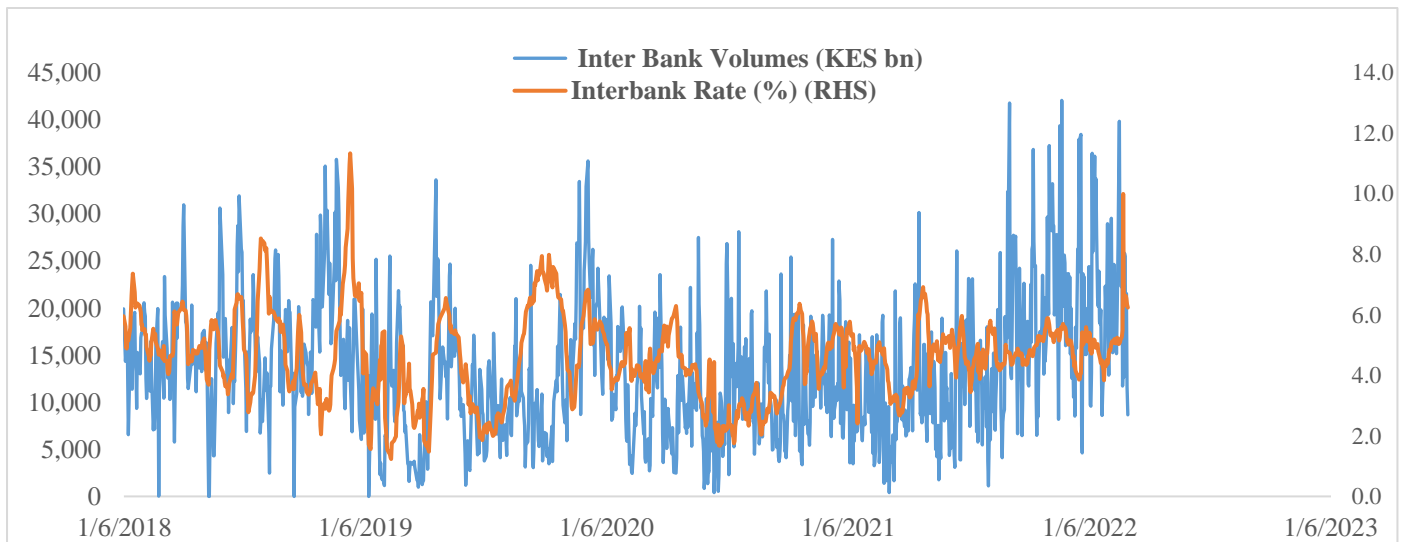
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	123.6	-0.1%	-0.6%	-2.2%	-4.3%	-8.4%	-0.1%
USD/ZAR	17.2	-1.2%	0.7%	5.0%	-2.0%	-9.5%	-1.2%
USD/EGP	27.2	-9.0%	-9.6%	-27.8%	-30.6%	-42.2%	-9.0%
USD/NGN	460.9	0.0%	-3.4%	-5.6%	-7.8%	-9.9%	0.0%
USD/GHS	10.3	-1.1%	25.6%	3.1%	-21.2%	-39.8%	-1.1%

**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
Equity bank	418.7	-269.6	67.0%	-2.4%	-2.4%	-14.9%	16.8%
ABSA bank	116.7	39.5	16.9%	-2.0%	-2.0%	-5.1%	24.2%
Safaricom	113.1	-50.7	67.7%	-2.7%	-2.7%	-41.3%	1.7%
EABL	38.4	-5.3	81.9%	3.7%	3.7%	-0.3%	58.0%
NCBA bank	20.0	-0.8	1.9%	0.8%	0.8%	-0.4%	72.4%

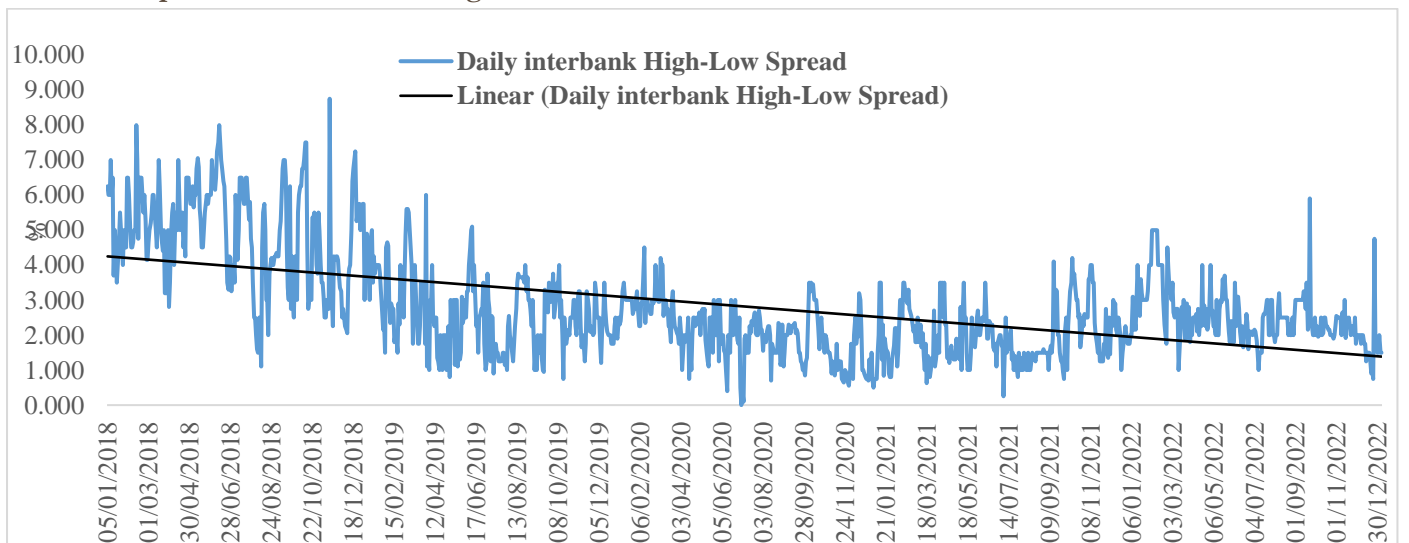
**Key Rates and Spreads**

**Inter-bank rate decline for the second consecutive week**



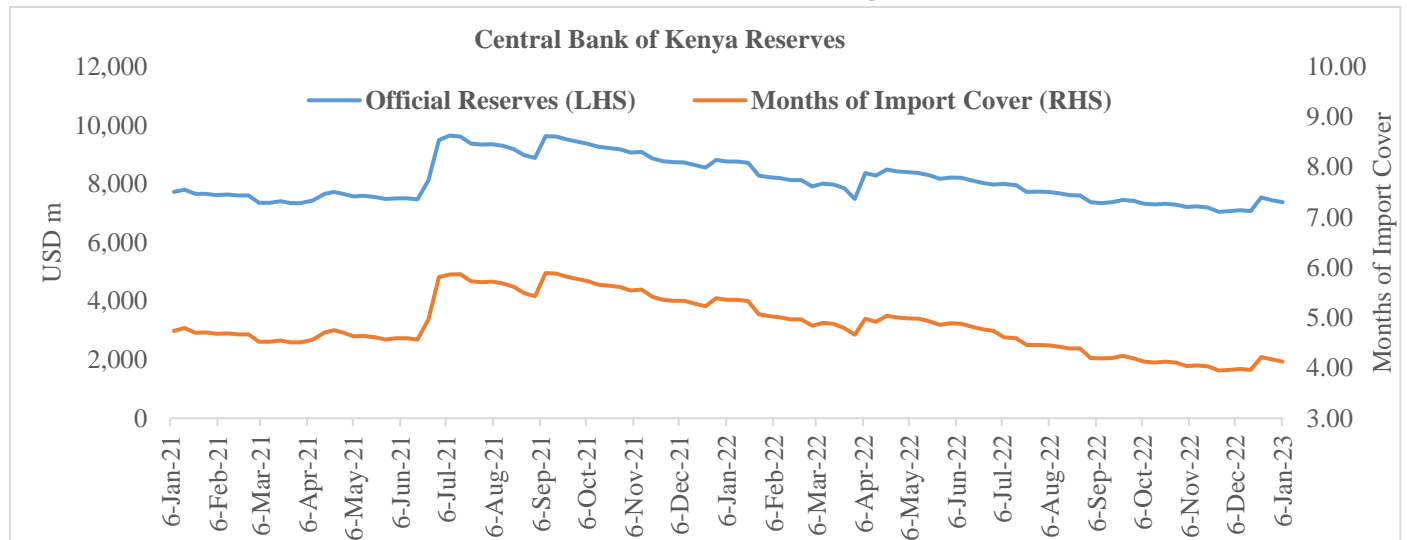
Source: CBK

**Inter-bank spreads remained unchanged week-on-week**



Source: CBK

Months of import cover and CBK FX reserves fell for the second straight week



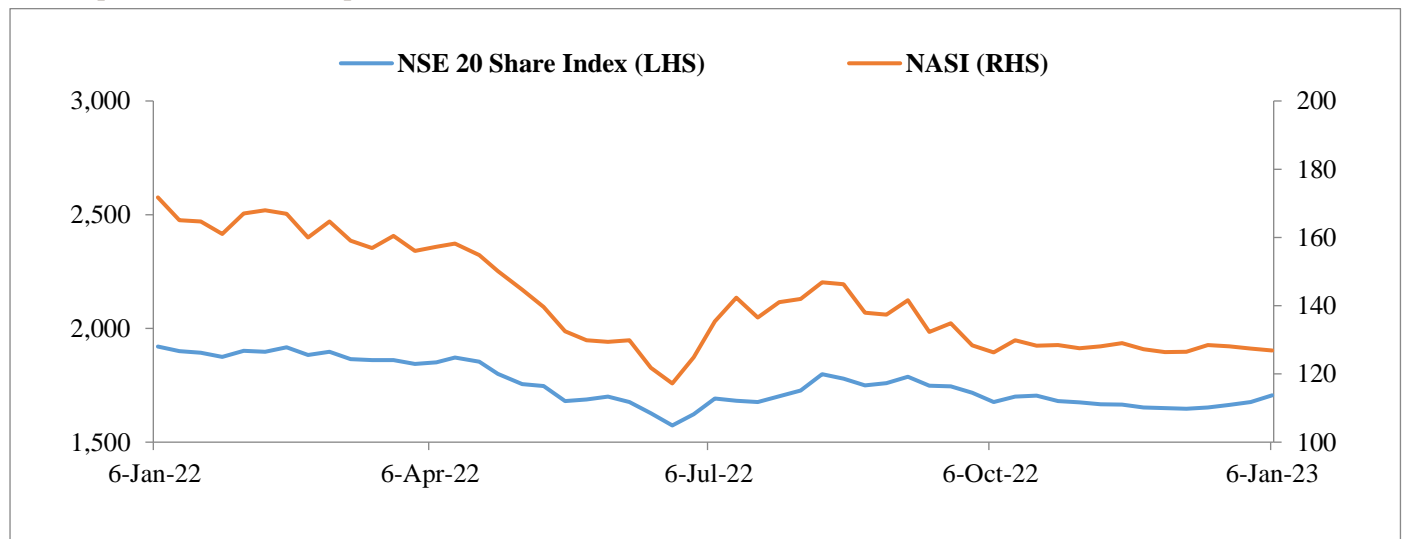
Source: CBK

Equity market trading commentary

For the second straight week, equity turnover reduced by 9.0% w/w to stand at USD 6.3m (KE 769.4m). Sustaining a 3-weeks declining streak, the NASI finished 0.5% lower at 126.85 while the NSE 20 gained 1.7% w/w to 1,705.33 – a 15-weeks high. Foreign investors emerged as overall net sellers at USD 2.3m (KES 292.9m) for the fourth consecutive week. Foreign trading led activity at the bourse at 54.1% of total turnover, albeit down from 71.1% printed the prior week. Equity bank (USD 2.2m, KES 269.6m) and Safaricom (USD 0.4m, KES 50.7m) recorded the highest net foreign outflows. On the other hand, ABSA bank registered the highest net foreign inflows at USD 0.3m (KES 39.5m).

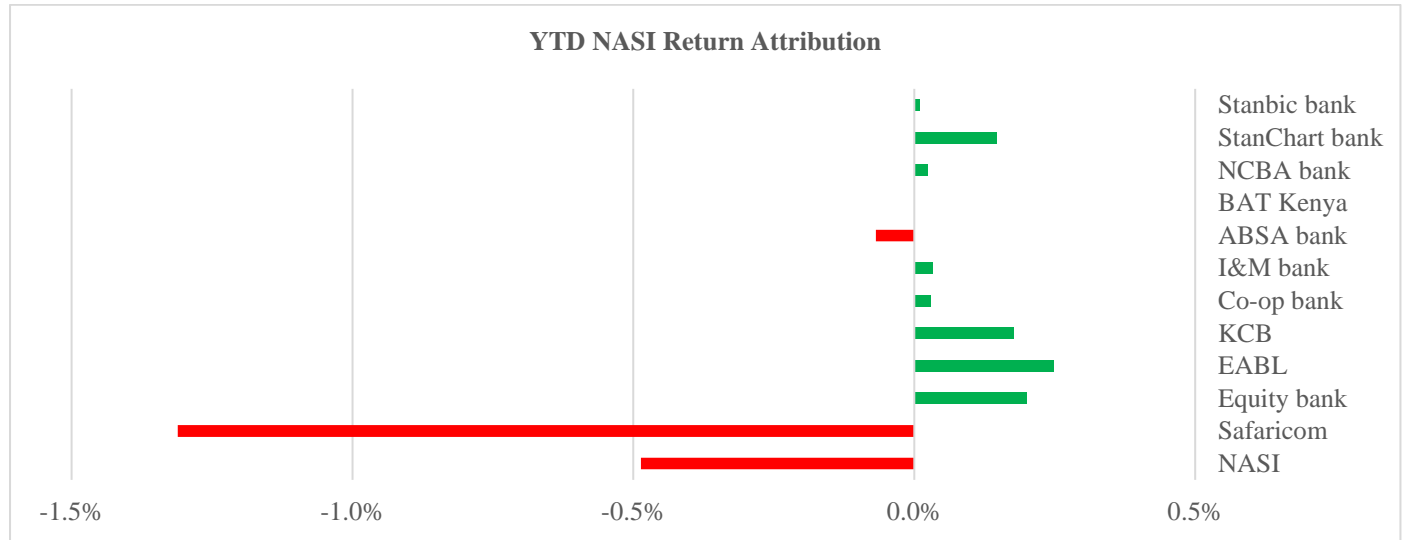
During the week, on account of foreign investors’ sell-off, Safaricom traded down to the lowest levels since January 2019. However, driven by foreign demand, Equity bank hit an 11-day high. On the back of continued local demand, NCBA bank rallied for seven straight weeks to reach a 7-year high.

Market performance over the past 12 months



Source: NSE

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



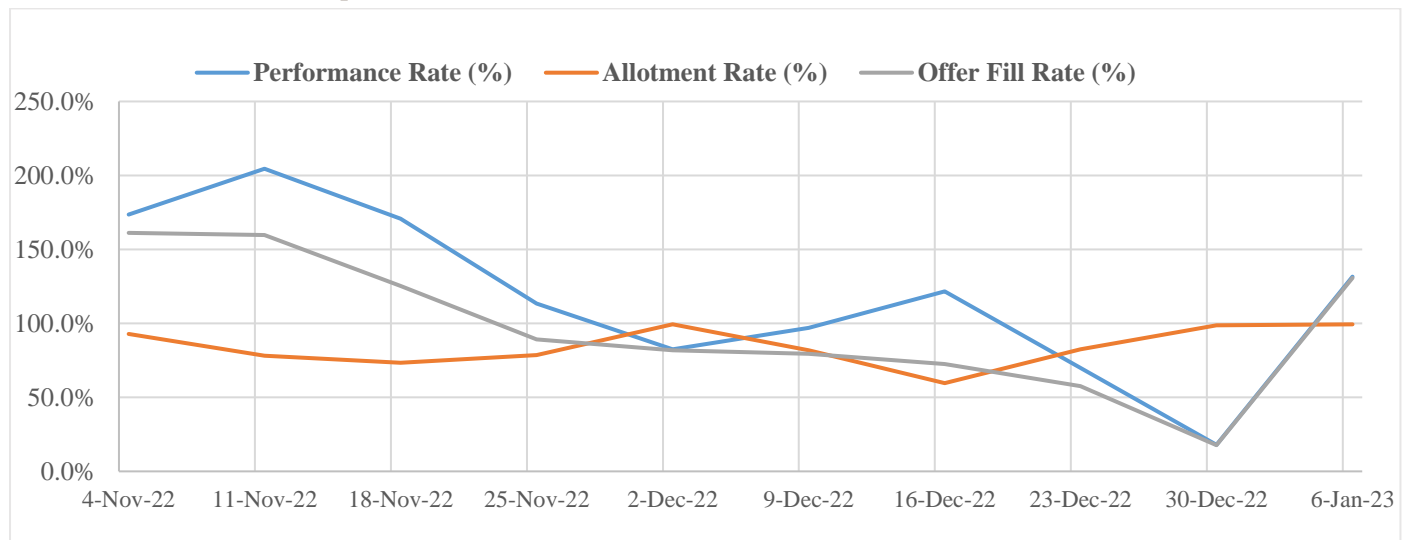
Source: Kestrel Research

**Debt market trading commentary**

Overall subscription rates bounced to 131.7%, up from 17.9% recorded prior week, buoyed by sustained demand on the 91-Day T-Bill. After breaking the upward trajectory on the 91-Day T-Bill yield the previous week, the yield edged up during the week. The yield on the 182-day T-Bill trended up for the twenty-third successive week.

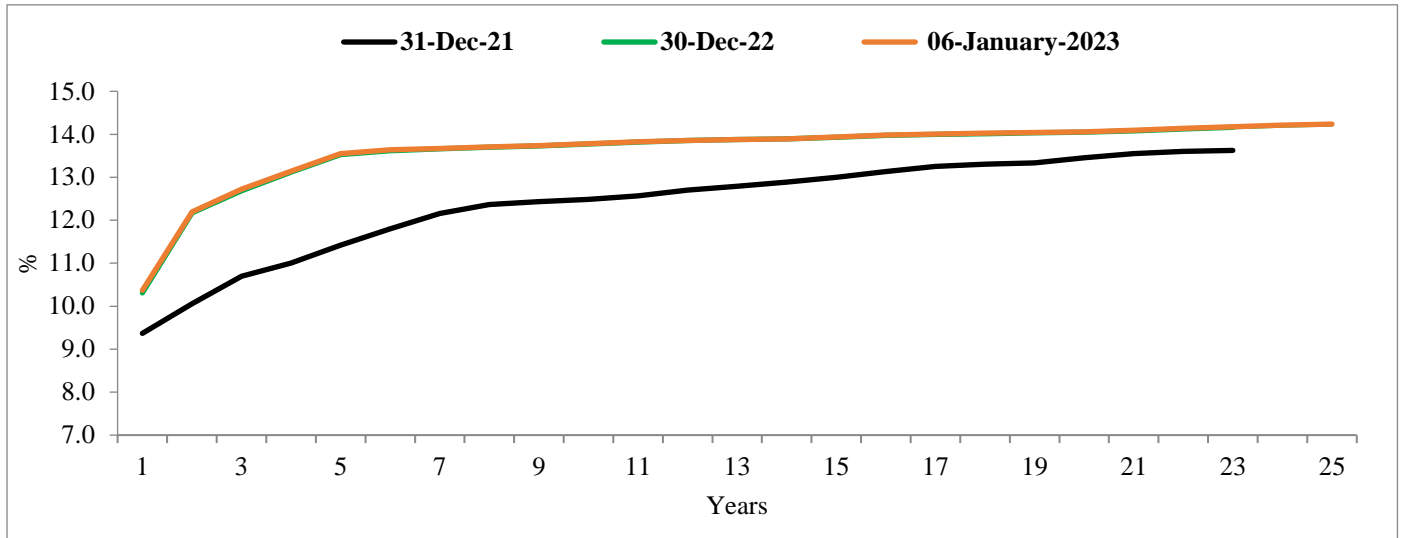
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 19.3bn for the 91-Day T-Bill, implying a subscription rate of 482.94%. It accepted bids worth KES 19.3bn at an average yield of 9.392% (+2.3bps w/w). The 182-Day T-Bill received bids worth KES 7.8bn, implying a performance rate of 77.97%. It accepted bids worth KES 7.7bn at an average yield of 9.847% (+1.3bps w/w). The 364-Day T-Bill received bids worth KES 4.5bn, implying a performance rate of 44.83%. It accepted bids worth KES 4.4bn at an average yield of 10.369% (+6.1bps w/w).

**T-Bills Performance: Overall performance increase week-on-week**



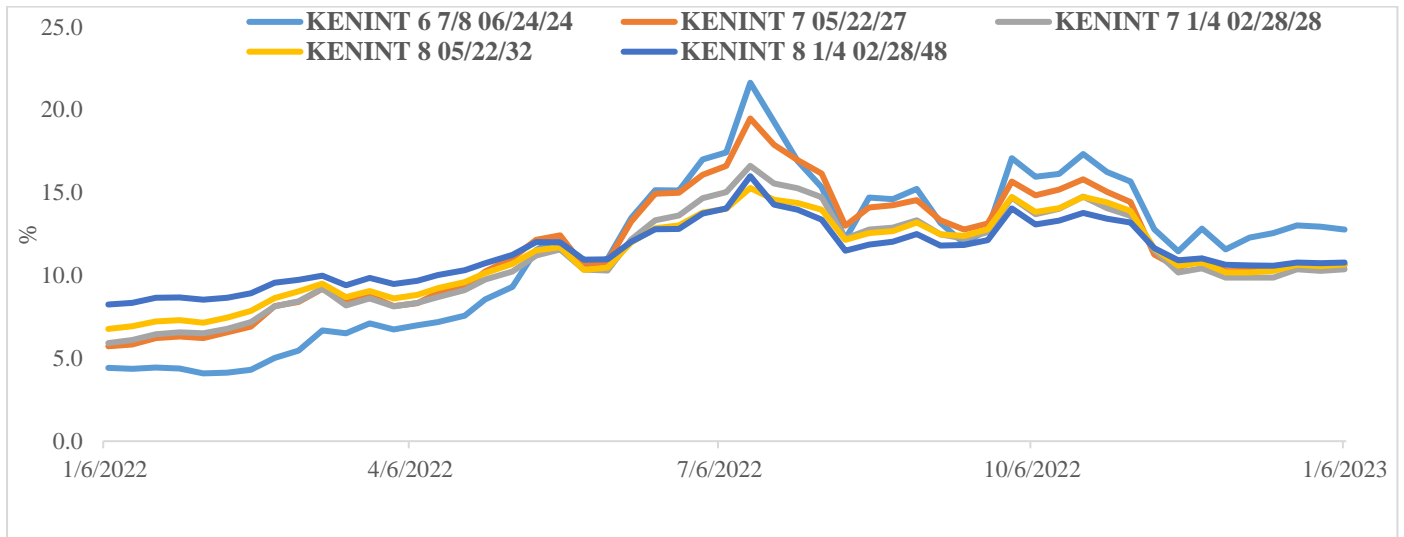
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors edged upwards week-on-week



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	40.00	23.10	23.50	-2.7	7,621	47.4%	1.74	1.39	3.5	13.5	5.9	6.8	49.9	926,230
Equity Bank	Banking	Dec	53.50	39.00	45.55	2.4	1,391	8.7%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	498,361
EA Breweries	Breweries	Jun	174.25	110.00	173.75	3.7	1,112	6.9%	15.00	11.00	20.5	11.6	6.3	8.5	73.2	237,318
KCB Bank	Banking	Dec	47.00	35.00	39.20	2.9	1,020	6.3%	12.25	3.00	58.4	3.2	7.7	0.7	21.0	195,957
Co-op Bank	Banking	Dec	13.30	10.70	12.40	0.8	589	3.7%	3.75	1.00	17.2	3.3	8.1	0.7	21.8	32,471
Absa Bank	Banking	Dec	12.70	9.70	12.05	-2.0	530	3.3%	2.15	1.10	10.9	5.6	9.1	1.1	19.7	50,274
NCBA Bank	Banking	Dec	39.80	23.00	39.65	0.8	529	3.3%	10.02	4.25	49.1	4.0	10.7	0.8	20.4	26,352
StanChart Bank	Banking	Dec	150.50	123.75	150.50	5.4	460	2.9%	30.18	13.00	146.8	5.0	8.6	1.0	20.6	30,375
BAT Kenya	Tobacco	Dec	509.00	404.00	460.00	0.0	372	2.3%	67.10	55.00	129.1	6.9	12.0	3.6	52.0	122,052
Stanbic Bank	Banking	Dec	108.00	87.00	102.25	0.2	327	2.0%	22.99	7.30	127.4	4.4	7.1	0.8	18.0	9,059
I&M Holdings	Banking	Dec	21.50	16.50	17.40	2.4	233	1.4%	5.74	1.50	41.4	3.0	8.6	0.4	13.9	4,704
Bank of Kigali	Banking	Dec	32.75	27.00	30.00	-4.8	218	1.4%	7.95	3.28	41.8	3.8	10.9	0.7	19.0	980
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	176	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.18	3.18	3.24	0.6	173	1.1%	0.16	0.18	32.4	20.4	5.6	0.1	0.5	8,923
Total Oil	Oil	Dec	25.85	21.75	24.00	0.6	122	0.8%	4.35	1.31	45.4	5.5	5.5	0.5	9.6	600
DTB Bank	Banking	Dec	60.00	46.00	52.00	4.0	118	0.7%	17.27	3.00	250.7	3.0	5.8	0.2	6.9	30,118
Jubilee Insurance	Insurance	Dec	310.50	187.75	200.00	0.6	117	0.7%	94.22	14.00	544.4	2.1	7.0	0.4	17.3	5,164
Britam	Insurance	Dec	7.52	4.97	5.40	3.8	110	0.7%	0.03	-	7.5	188.9	-	0.7	0.4	2,288
Umeme Ltd.	Power	Dec	8.30	5.50	7.50	1.1	99	0.6%	2.74	1.73	17.6	2.7	23.1	0.4	15.6	1,275
Bamburi Cement	Cement	Dec	39.00	29.90	31.45	-0.2	92	0.6%	2.15	3.58	0.1	14.6	11.4	383.0	2,618.6	1,875
Kakuzi	Agric	Dec	441.25	367.50	385.00	0.0	61	0.4%	39.24	18.00	278.0	9.8	4.7	1.4	14.1	609
Centum Investment	Finance	Mar	14.95	7.90	8.32	-0.5	45	0.3%	(2.01)	0.59	65.1	-	7.1	0.1	(3.1)	3,660
Crown Paints	Manufac.	Dec	44.00	30.50	38.00	-9.2	44	0.3%	5.13	4.00	24.1	7.4	10.5	1.6	21.3	322
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	43	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.32	1.74	1.89	3.3	43	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	1,408
CIC Insurance	Insurance	Dec	2.29	1.72	1.95	0.0	41	0.3%	0.30	-	3.0	6.5	-	0.6	9.9	1,846
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	21.95	-2.2	41	0.3%	(1.48)	0.50	56.5	-	2.3	0.4	(2.6)	1,018
Kenya Power	Power	Jun	2.08	1.31	1.68	7.7	27	0.2%	1.80	-	30.8	0.9	-	0.1	5.8	12,399
Carbacid	Gases	July	14.15	10.35	12.40	3.3	26	0.2%	2.22	0.70	13.5	5.6	5.6	0.9	16.4	13,532
Nation Media	Media	Dec	23.20	15.15	16.25	1.9	25	0.2%	2.59	1.49	42.1	6.3	9.1	0.4	6.2	1,032
TPSEA Serena	Tourism	Dec	17.50	10.85	13.90	4.1	20	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	367
Liberty K. Holdings	Insurance	Dec	7.48	4.28	4.66	-16.8	20	0.1%	0.15	-	15.9	30.5	-	0.3	1.0	178
Unga Ltd	Food	Jun	36.25	27.00	32.00	0.0	20	0.1%	2.48	-	58.3	12.9	-	0.5	4.2	61
Car & Gen	Motors	Sept	76.00	30.00	47.00	-0.9	15	0.1%	26.33	3.20	135.8	1.8	6.8	0.3	19.4	965
NSE	Finance	Dec	8.40	6.60	6.98	2.9	15	0.1%	0.51	1.40	8.0	13.7	20.1	0.9	6.4	1,131
BOC Kenya	Gases	Dec	93.25	70.00	71.00	0.4	11	0.1%	4.78	6.70	84.3	14.9	9.4	0.8	5.7	317
WPP Scangroup	Media	Dec	4.41	2.84	3.02	0.3	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	488
Housing Finance	Banking	Dec	3.89	2.86	3.10	-2.8	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	863
Sanlam Kenya	Insurance	Dec	15.00	7.94	7.94	-17.1	9	0.1%	(3.77)	-	3.9	-	-	2.0	(97.1)	178
Limuru Tea	Agric	Dec	510.00	320.00	420.00	0.0	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	2,458
Longhorn	Publishing	Jun	4.4	2.74	3.25	8.3	7	0.0%	0.62	-	2.8	5.3	-	1.2	22.2	292
Standard Newspapers	Media	Dec	16.15	8.74	8.74	-16.4	6	0.0%	(0.90)	-	10.5	-	-	0.8	(8.5)	63
EA Portland	Cement	Jun	8.80	6.30	7.46	9.7	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	42
TransCentury	Finance	Dec	1.47	0.79	1.13	21.5	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,349
Safaricom	Telecom	Mar	40.00	23.10	23.50	-2.7	7,621	47.4%	1.74	1.39	3.5	13.5	5.9	6.8	49.9	926,230
											<b>Average</b>	<b>19.8</b>	<b>6.8</b>	<b>6.4</b>	<b>52.8</b>	<b>2,235,609</b>

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