

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	18.35	67.4%	BUY
Equity bank	43.67	43.70	-0.1%	HOLD
KCB bank	47.26	36.45	29.7%	BUY
Co-op bank	20.46	13.80	48.3%	BUY
ABSA bank	12.89	13.75	-6.3%	HOLD
StanChart bank	138.26	189.00	-26.8%	SELL
NCBA bank	40.68	41.90	-2.9%	HOLD
I&M bank	33.32	21.50	55.0%	BUY
Stanbic bank	108.85	119.00	-8.5%	HOLD
DTB bank	116.13	47.30	145.5%	BUY
EABL	151.28	146.25	3.4%	HOLD
Bamburi Cement	44.37	42.00	5.6%	HOLD
BAT Kenya	460.00	364.75	26.1%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, the NASI sustained a four-day winning streak and the NSE-20 similarly maintained a 4-day winning streak. KCB Bank retreated to a 6-day low on account of local sell-off.

### Debt market commentary and outlook

- Overall subscription rates improved sustaining a two-week winning streak at 151.0% from 139.6% the prior week. Investors remained skewed on the 91-Day T-Bill and activity climbed up on the 91-Day T-Bill but declined on the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-Bill advancing for the eighth week straight and the 182-Day T-Bill along with the 364-Day T-Bill climbed up for the sixth week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd(%)
Kenya NSE 20 Index	1,762.7	6.2%	4.3%	16.4%	22.1%	14.9%	17.4%
Kenya NASI	114.6	9.5%	7.5%	23.5%	33.7%	11.2%	24.4%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.2%	-0.3%	33.3%	43.7%	18.7%	44.1%
Johannesburg Index	-1.7%	12.0%	10.2%	4.5%	6.8%	2.1%
Nigeria Stock Exchange	2.1%	-19.2%	-5.7%	-26.7%	-41.4%	-19.4%
Ghana Stock Exchange	-1.9%	0.1%	0.6%	0.7%	7.4%	-1.9%
Egyptian Stock Exchange	3.5%	-3.7%	-38.4%	-27.8%	6.5%	-27.7%
MSCI EFM ex SA Index	0.2%	0.4%	-13.5%	-12.2%	-4.1%	-11.2%

## Other market statistics

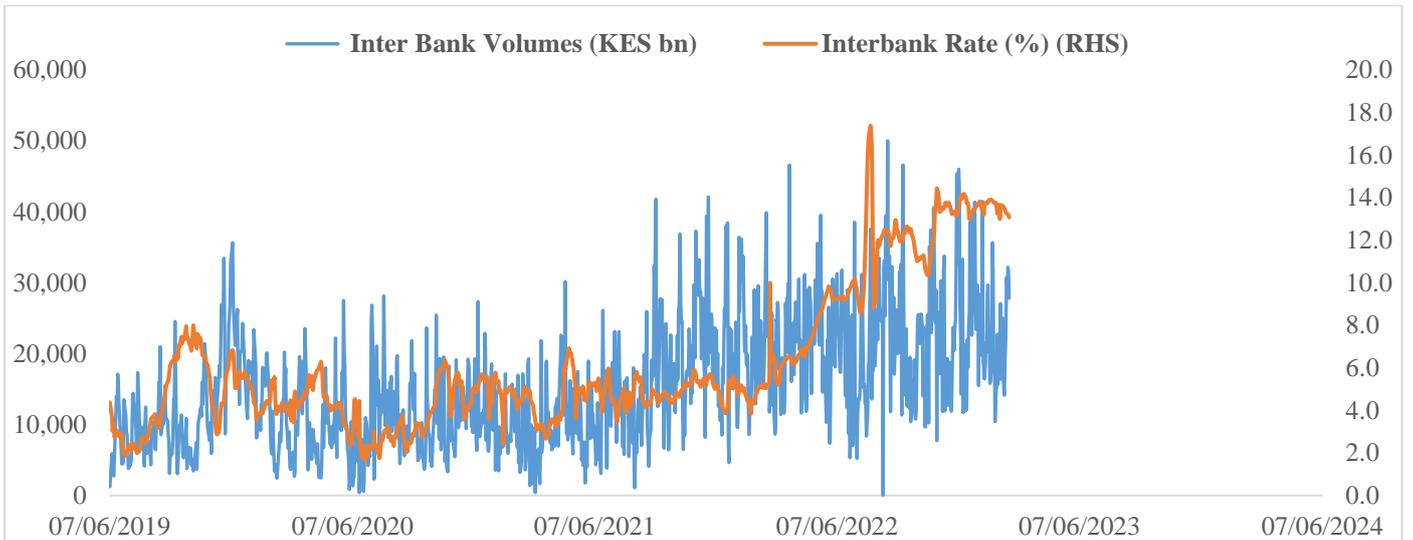
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	132.65	-1.1%	-2.0%	9.7%	17.4%	4.1%	18.2%
USD/ZAR	18.42	-1.4%	0.6%	4.9%	0.1%	6.7%	-0.3%
USD/EGP	47.15	-0.5%	0.9%	-34.5%	-34.4%	-34.5%	-34.4%
USD/NGN	1472.68	2.9%	-15.7%	6.3%	-38.7%	-68.5%	-38.1%
USD/GHS	14.60	-2.1%	-8.3%	-14.1%	-17.7%	-23.0%	-18.2%

### 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	430.2	171.7	58.1%	2.5%	32.0%	-6.9%	57.5%
Equity Bank	409.4	-12.5	89.6%	0.5%	29.9%	-11.2%	29.9%
KCB Bank	348.8	43.2	80.1%	2.5%	66.4%	-4.0%	131.4%
Co-op Bank	168.8	4.5	2.1%	2.2%	21.1%	-8.3%	35.3%
I&M Bank	77.9	62.6	40.6%	6.2%	22.9%	-5.1%	28.4%

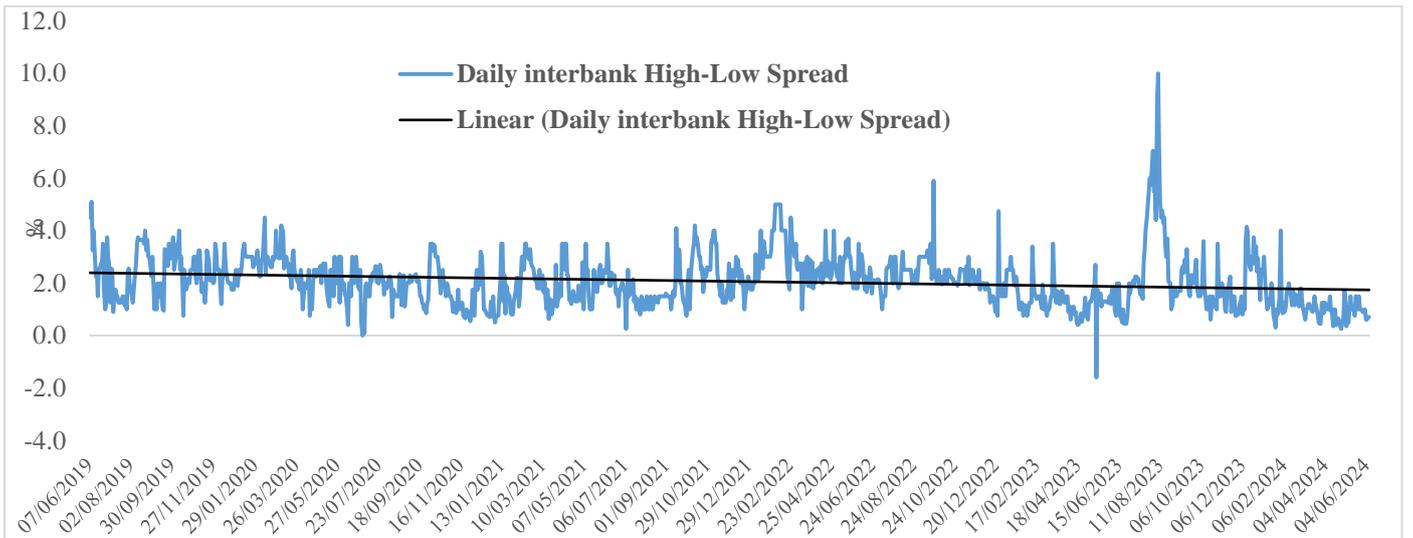
### Key Rates and Spreads

Inter-bank Rates sustain a continuous seven-week decline



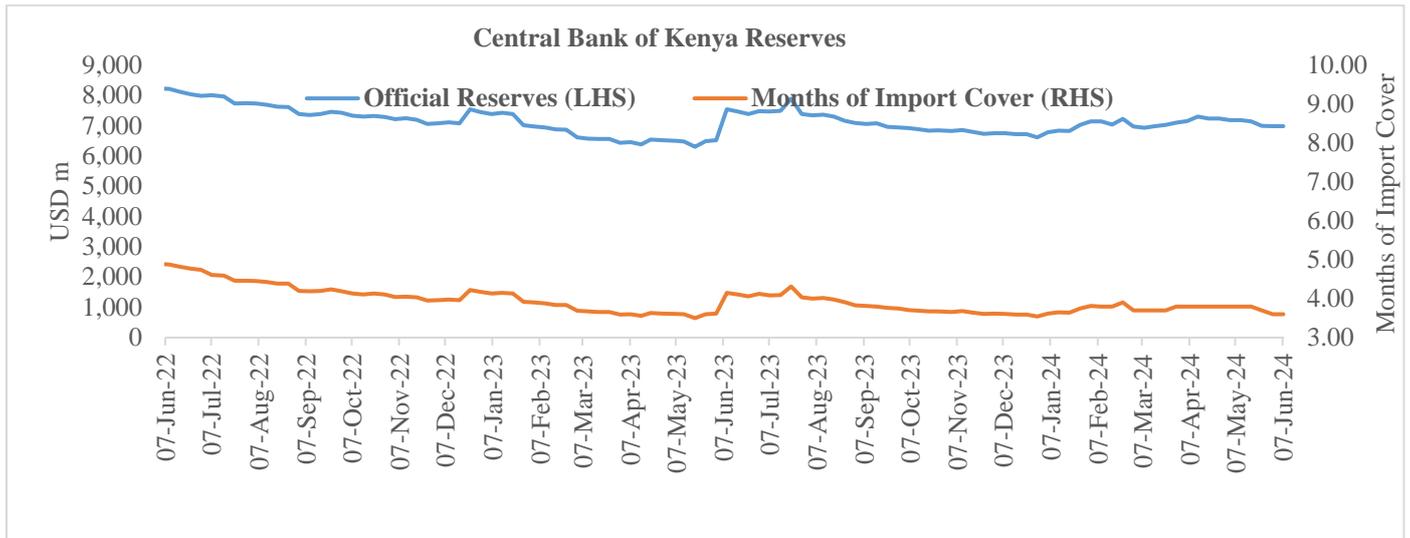
Source: CBK

Inter-bank Spreads narrow further, declining for the second week in a row



Source: CBK

Months of import cover and CBK FX reserves improve slightly after a 3-week decline



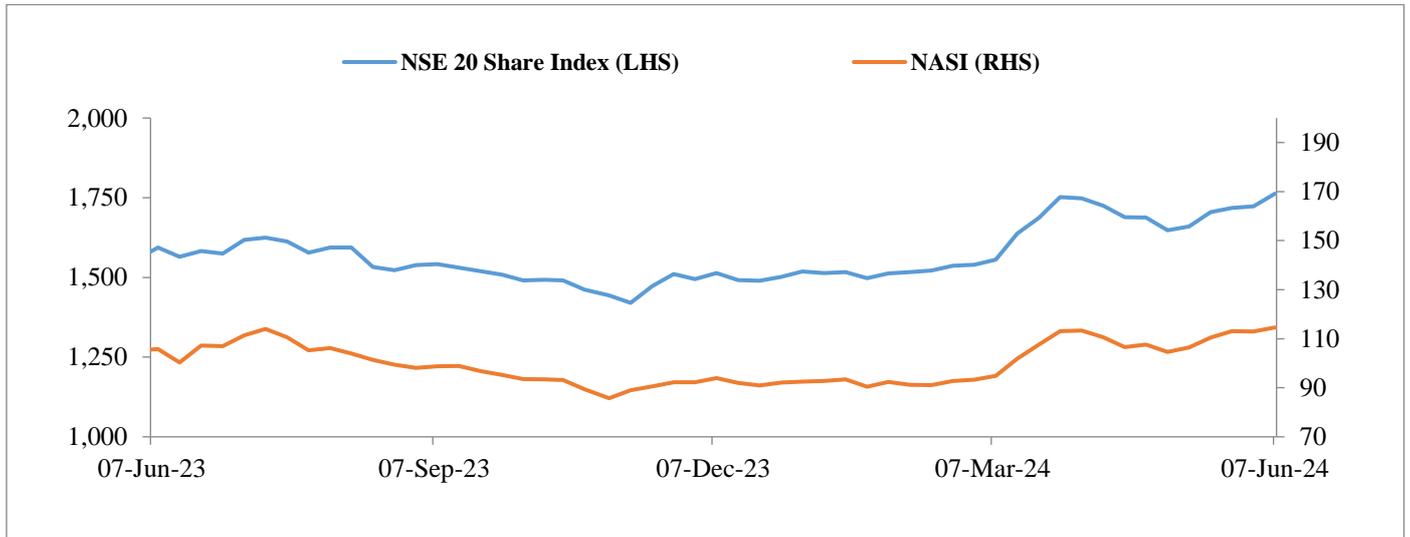
Source: CBK

Equity market trading commentary

Market turnover fell by 73.4% to stand at USD 13.8m (KES 1.8bn). The NASI improved by 1.4% to settle at 114.60, the NSE 20 grew by 2.3% to steady at 1,762.74, the fifth straight win. Foreign investors remained net buyers at USD 1.6m (KES 202.2m).

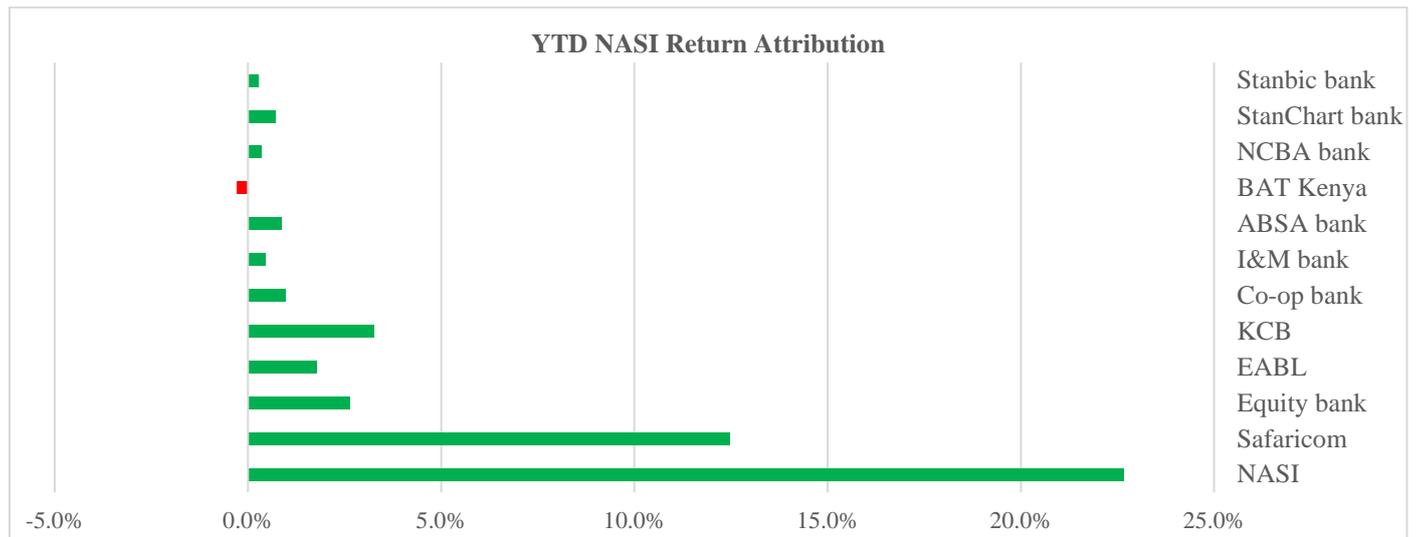
During the week, the NASI sustained a four-day winning streak and the NSE-20 similarly maintained a 4-day winning streak. KCB Bank retreated to a 6-day low on account of local sell-off.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

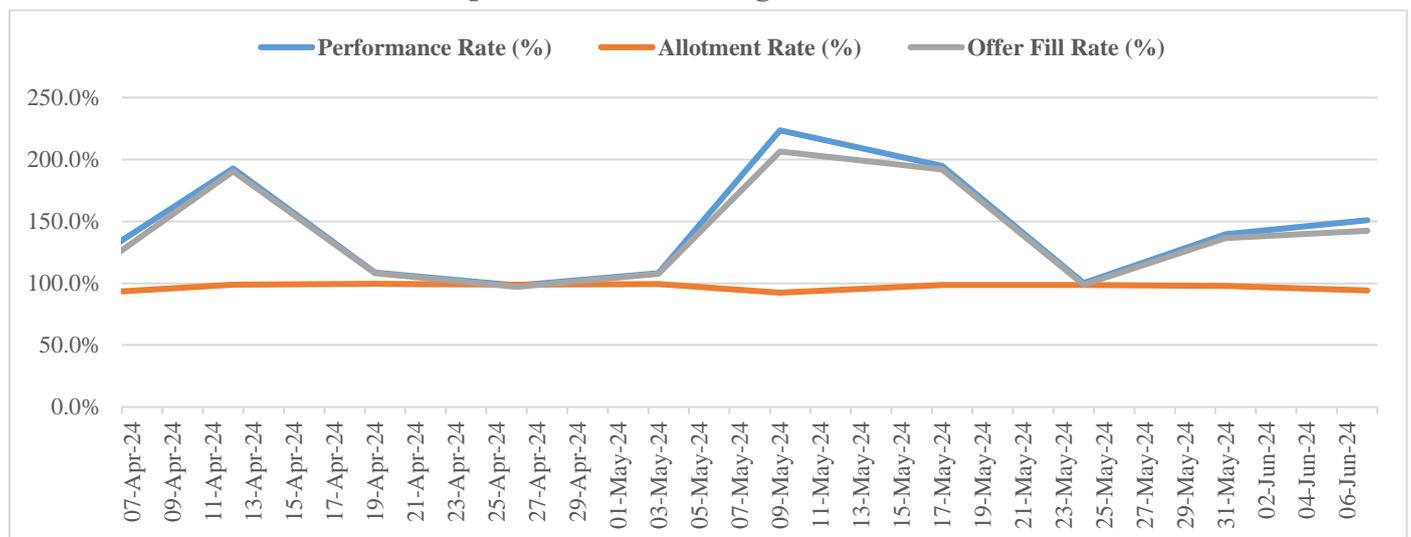
Overall subscription rates improved sustaining a two-week gaining streak at 151.0% from 139.6% the prior week. Investors remained skewed on the 91-Day T-Bill and activity climbed up on the 91-Day T-Bill but declined on the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-Bill advancing for the eighth week straight and the 182-Day T-Bill along with the 364-Day T-Bill climbed up for the sixth 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 25.1bn for the 91-Day T-Bill, implying a subscription rate of 626.53%. It accepted bids worth KES 24.0bn at an average yield of 15.965% (+1.1 bps w/w).

The 182-Day T-Bill received bids worth KES 6.0bn, implying a performance rate of 59.73%. It accepted bids worth KES 6.0bn at an average yield of 16.641% (+3.3 bps w/w).

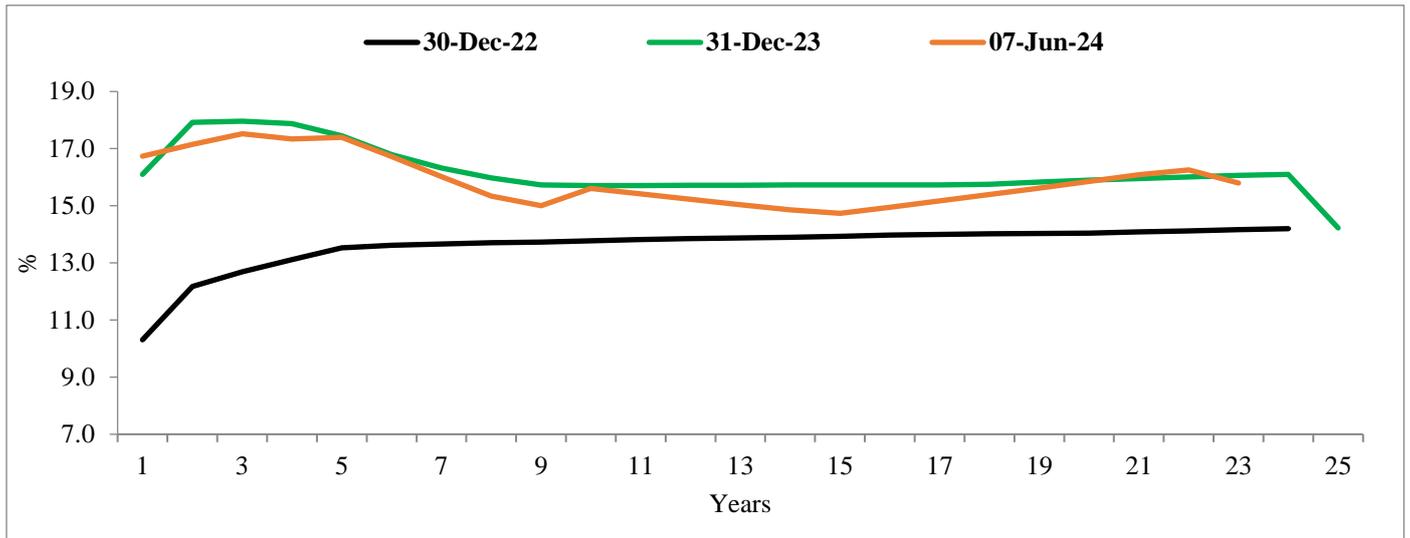
The 364-Day T-Bill received bids worth KES 5.2bn, implying a performance rate of 52.00%. It accepted bids worth KES 4.2bn at an average yield of 16.731% (+2.5 bps w/w).

### T-Bills Performance rate climbs up for the second straight week



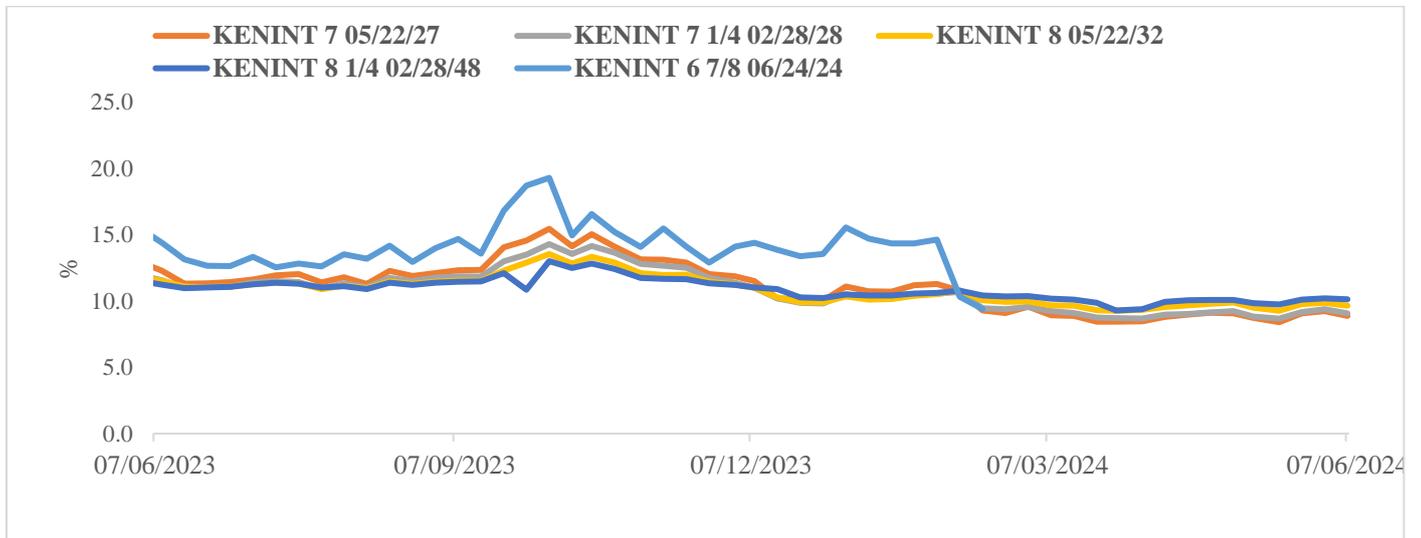
Source: CBK

**Kenya Domestic Yield Curve**



Source: CBK

**Kenya Eurobond Yields: Yields across all tenors decline after a two-week increase.**



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading <sup>1</sup> vol (USD)
Safaricom	Telecom	Mar	19.70	11.65	18.35	32.0	5,581	30.6%	1.06	1.20	4.7	17.2	6.5	3.9	22.7	157,932,574
Equity Bank	Banking	Dec	49.20	33.65	43.70	29.9	1,252	6.9%	11.12	3.00	48.7	3.9	6.9	0.9	22.8	110,296,832
EA Breweries	Breweries	Jun	17.60	13.20	146.25	28.3	878	4.8%	-	1.75	27.1	-	1.2	5.4	-	18,891,373
Co-op Bank	Banking	Dec	15.05	10.20	13.80	21.1	615	3.4%	4.03	1.50	18.4	3.4	10.9	0.7	21.9	13,576,898
NCBA Bank	Banking	Dec	45.20	35.00	41.90	7.6	524	2.9%	13.17	2.75	53.7	3.2	6.6	0.8	24.5	2,836,711
Absa Bank	Banking	Dec	14.20	10.75	13.75	20.1	567	3.1%	2.19	1.55	12.0	6.3	11.3	1.1	18.3	8,659,741
KCB Bank	Banking	Dec	37.95	15.75	36.45	66.4	889	4.9%	13.30	-	68.1	2.7	-	0.5	19.5	81,637,715
StanChart Bank	Banking	Dec	201.25	150.25	189.00	16.7	542	3.0%	40.82	29.00	158.0	4.6	15.3	1.2	25.8	5,704,240
Stanbic Bank	Banking	Dec	130.00	100.25	119.00	9.4	357	2.0%	28.71	13.75	140.8	4.1	11.6	0.8	20.4	6,174,076
BAT Kenya	Tobacco	Dec	93.00	67.00	364.75	-10.5	277	1.5%	55.68	50.00	163.8	6.6	13.7	2.2	34.0	9,778,593
BK Group	Banking	Dec	37.00	29.65	36.10	0.8	246	1.3%	10.48	3.28	46.8	3.4	9.1	0.8	22.4	3,301,395
I&M Holdings	Banking	Dec	22.65	16.75	21.50	22.9	270	1.5%	8.10	2.55	47.8	2.7	11.9	0.4	16.9	55,747,246
Umeme Ltd.	Power	Dec	23.50	15.80	16.10	0.6	198	1.1%	0.27	2.00	20.7	60.5	12.4	0.8	1.3	1,794,363
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	165	0.9%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	42.00	17.2	116	0.6%	(1.10)	5.47	82.1	-	13.0	0.5	(1.3)	2,332,364
KenGen	Power	Jun	2.52	1.96	2.37	17.9	119	0.7%	0.49	-	41.6	4.8	-	0.1	1.2	4,445,068
Jubilee Insurance	Insurance	Dec	2.52	1.81	184.50	-0.3	102	0.6%	60.93	12.30	613.8	3.0	6.7	0.3	9.9	721,616
DTB Bank	Banking	Dec	55.75	44.05	47.30	5.0	100	0.6%	25.34	6.00	256.8	1.9	12.7	0.2	9.9	3,724,440
Britam	Insurance	Dec	5.96	4.15	5.96	24.4	114	0.6%	1.30	-	9.2	4.6	-	0.6	14.1	305,582
Total Oil	Oil	Dec	6.00	6.00	22.50	25.0	108	0.6%	4.80	1.31	48.0	4.7	5.8	0.5	10.0	184,028
Kakuzi	Agric	Dec	420.00	360.00	420.00	9.1	62	0.3%	23.25	24.00	303.5	18.1	5.7	1.4	7.7	15,268
CIC Insurance	Insurance	Dec	5.96	4.15	2.21	-1.3	44	0.2%	0.55	0.13	3.3	4.0	5.9	0.7	16.9	258,918
Centum Investment	Finance	Mar	9.50	7.88	8.70	3.6	44	0.2%	(8.95)	0.60	55.8	-	6.9	0.2	(16.1)	1,512,567
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	40	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	48.95	22.50	35.45	-0.6	38	0.2%	(0.20)	4.00	24.1	-	11.3	1.5	(0.8)	2,332,364
Kenya Re	Insurance	Dec	200.00	170.00	2.61	38.8	55	0.3%	1.78	0.10	13.4	1.5	3.8	0.2	13.2	1,788,185
Sasini Tea & Coffee	Agric	Sept	30.80	17.65	19.00	-5.0	33	0.2%	3.11	1.00	61.7	6.1	5.3	0.3	5.0	92,033
Carbacid	Gases	July	451.25	363.75	17.50	16.7	34	0.2%	4.01	0.70	13.6	4.4	4.0	1.3	11.9	203,385
Nation Media	Media	Dec	22.00	18.45	20.00	-0.2	29	0.2%	(1.08)	1.49	43.1	-	7.4	0.5	(2.5)	1,143,023
Kenya Power	Power	Jun	1.86	1.35	1.79	26.1	27	0.1%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,134,934
TPSEA Serena	Tourism	Dec	20.05	11.00	14.90	-9.4	21	0.1%	4.78	-	33.3	3.1	-	0.4	14.4	31,341
Liberty K. Holdings	Insurance	Dec	2.61	1.70	5.80	57.2	24	0.1%	0.15	-	15.9	38.0	-	0.4	1.0	26,174
BOC Kenya	Gases	Dec	93.00	67.00	86.00	4.9	13	0.1%	10.14	5.95	85.1	8.5	6.9	1.0	11.9	16,308
NSE	Finance	Dec	6.62	5.52	6.02	0.0	12	0.1%	0.05	0.20	7.1	113.8	3.3	0.8	0.7	275,958
Housing Finance	Banking	Dec	5.10	3.25	4.52	29.9	13	0.1%	1.18	4.00	20.5	3.8	88.5	0.2	5.8	7,781
Unga Ltd	Food	Jun	0.27	0.27	14.80	-12.2	9	0.0%	(18.92)	-	58.3	-	-	0.3	(32.4)	25,462
Sanlam Kenya	Insurance	Dec	5.80	3.45	5.84	-2.7	6	0.0%	(0.88)	-	3.9	-	-	1.5	(22.7)	258,918
Car & Gen	Motors	Sept	41.50	21.30	24.30	-2.8	7	0.0%	(6.82)	3.20	135.8	-	13.2	0.2	(5.0)	15,153
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.0%	3.38	1.00	80.9	112.4	0.3	4.7	4.2	1,839
WPP Scangroup	Media	Dec	3.00	1.99	2.33	6.9	8	0.0%	0.30	-	11.9	7.7	-	0.2	2.5	103,655
EA Portland	Cement	Jun	1.06	0.73	7.64	-4.5	5	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	11,046
Standard Newspapers	Media	Dec	9.80	5.10	6.78	-12.4	4	0.0%	(10.05)	-	0.4	-	-	15.4	(2,284)	4,169
Longhorn	Publishing	Jun	2.93	2.01	2.34	-2.9	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	10,558
TransCentury	Finance	Dec	5.36	2.58	0.45	-13.5	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	116,953
											<b>Average</b>	<b>7.6</b>	<b>5.2</b>	<b>1.8</b>	<b>13.4</b>	<b>498,036,619</b>

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