

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	16.50	86.1%	BUY
Equity bank	43.67	41.90	4.2%	HOLD
KCB bank	47.26	30.05	57.3%	BUY
Co-op bank	20.46	12.10	69.1%	BUY
ABSA bank	12.89	12.35	4.4%	HOLD
StanChart bank	138.26	176.25	-21.6%	SELL
NCBA bank	40.68	38.20	6.5%	HOLD
I&M bank	33.32	17.60	89.3%	BUY
Stanbic bank	108.85	125.00	-12.9%	HOLD
DTB bank	116.13	50.00	132.3%	BUY
EABL	151.28	157.00	-3.6%	HOLD
Bamburi Cement	27.61	48.00	-42.5%	SELL
BAT Kenya	460.00	410.00	12.2%	HOLD

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, Safaricom traded close to a 15-day high on increased local demand. EABL traded to a 3-day high on increased local demand.

### Debt market commentary and outlook

- Overall subscription rates surged to 223.6% from 108.2% the previous week. Investors remained skewed on the 91-Day T-Bill, and activity increased on all the three T-Bills, breaking a three-week losing streak for 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 increasing for the fourth consecutive week and the 182-Day T-Bill along with the 364-Day T-Bill rose for the second straight week.

## Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,660.1	0.7%	-3.8%	9.3%	13.6%	5.1%	10.6%
Kenya NASI Return	104.7	0.0%	-5.4%	13.1%	17.1%	-2.7%	13.6%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	4.5%	-6.8%	27.3%	39.6%	13.4%	37.7%
Johannesburg Index	3.1%	6.3%	11.7%	7.0%	5.8%	1.1%
Nigeria Stock Exchange	-4.2%	-17.3%	10.0%	-22.4%	-39.4%	-16.6%
Ghana Stock Exchange	-1.7%	0.8%	1.1%	-0.2%	9.0%	-0.5%
Egyptian Stock Exchange	0.7%	-8.9%	-41.5%	-33.6%	1.2%	-31.3%
MSCI EFM ex SA Index	1.1%	-1.1%	-6.2%	-13.6%	-5.6%	-12.6%

## Other market statistics

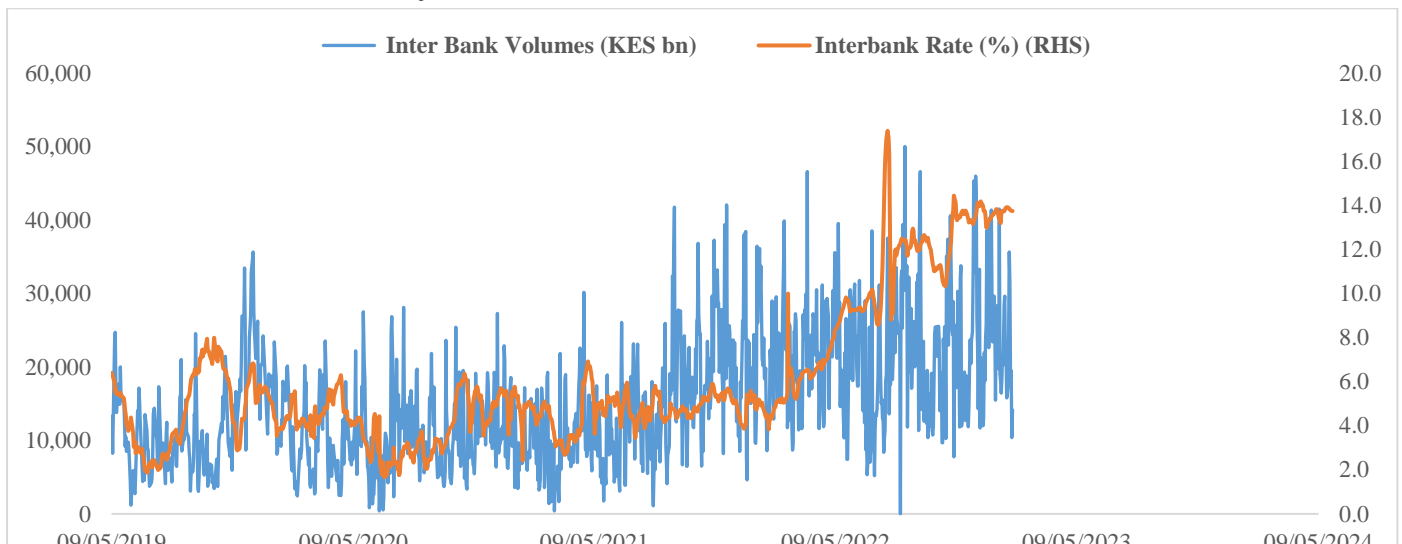
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	131.05	2.4%	-0.6%	21.7%	17.0%	5.0%	19.7%
USD/ZAR	18.45	0.3%	2.3%	3.1%	2.8%	5.5%	-0.5%
USD/EGP	47.40	1.2%	-0.1%	-34.8%	-34.6%	-35.3%	-34.8%
USD/NGN	1435.91	-3.6%	-16.3%	0.5%	-44.1%	-67.8%	-36.5%
USD/GHS	13.99	-1.7%	-3.9%	-11.2%	-14.1%	-23.1%	-14.6%

### 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	286.2	39.9	38.7%	-1.5%	24.5%	-3.6%	22.0%
Safaricom	260.6	-7.5	65.2%	3.4%	18.7%	-10.9%	50.6%
KCB Bank	229.3	70.6	59.6%	1.9%	37.2%	-5.6%	91.1%
Stanbic Bank	106.2	-55.8	27.2%	5.5%	14.9%	-2.9%	29.8%
EABL	90.3	59.7	11.6%	3.1%	37.7%	-16.9%	38.8%

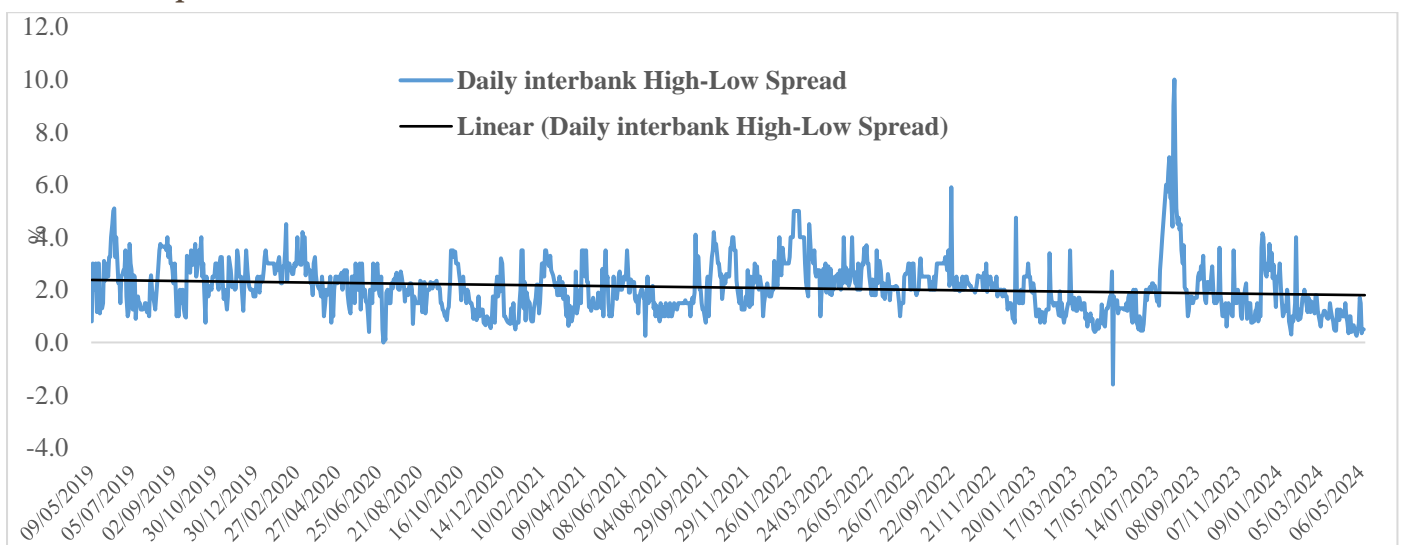
### Key Rates and Spreads

Inter-bank Rates remain steady week-on-week



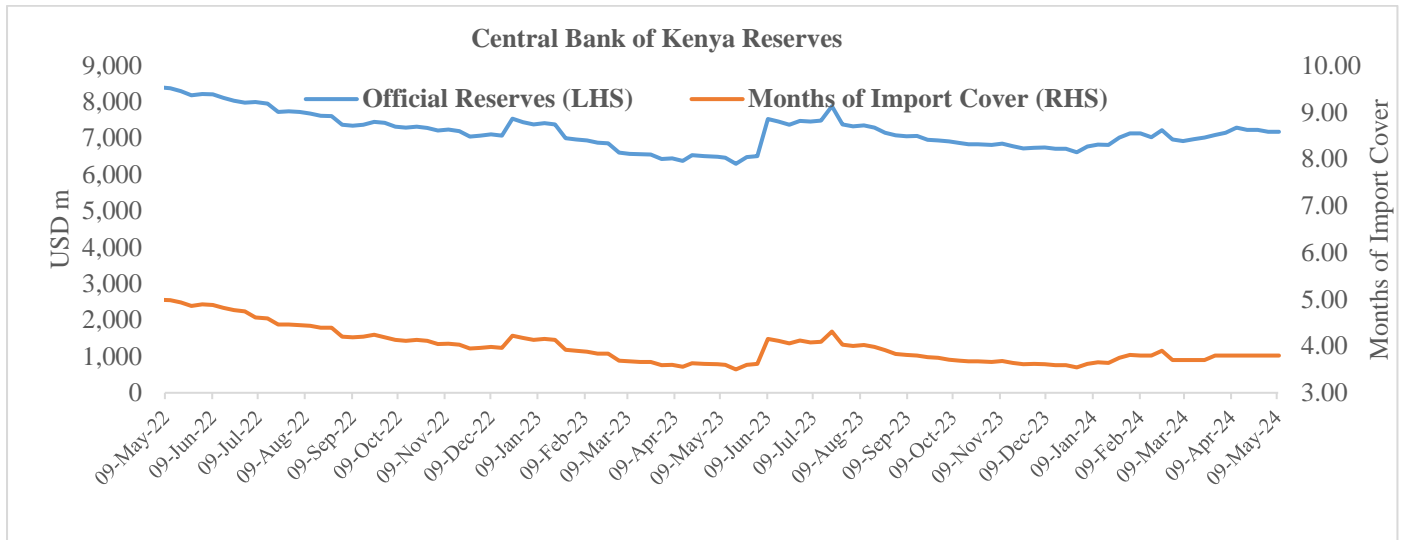
Source: CBK

Inter-bank Spreads narrow week-on-week



Source: CBK

Months of import cover & CBK FX remain fairly unchanged week-on-week



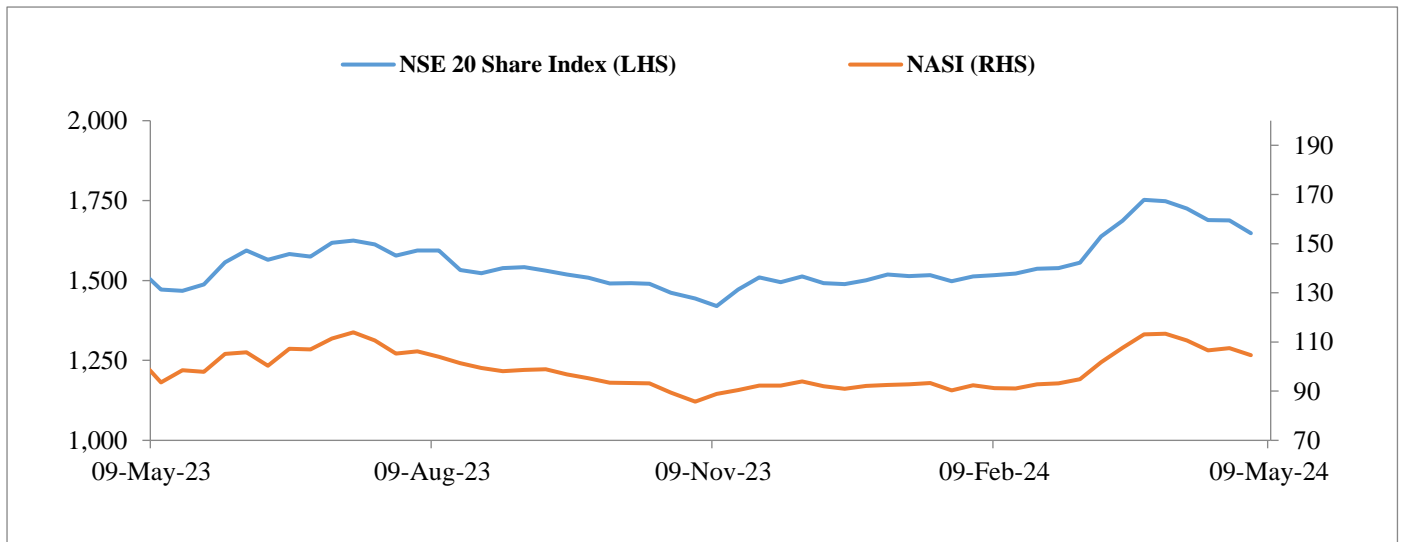
Source: CBK

Equity market trading commentary

Market turnover improved by 21.3% to stand at USD 8.6m (KES 1.1bn). The NASI improved slightly by 0.04% to stop at 104.68, and the NSE 20 gained 0.7%, breaking a five-week losing streak to end at 1,660.10. Foreign investors remained net buyers at USD 0.7m (KES 96.8m).

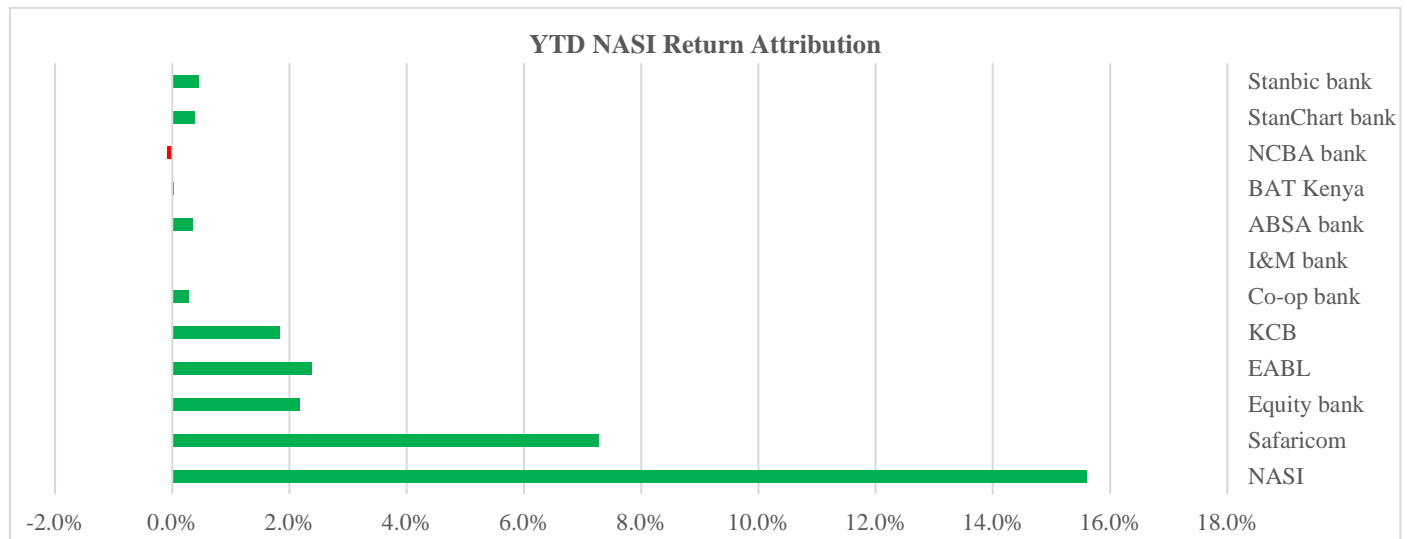
During the week, Safaricom traded close to a 15-day high on account of increased local demand. EABL traded to a 3-day high on increased local demand. Over local sell-off, Stanbic touched a 7-day low.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

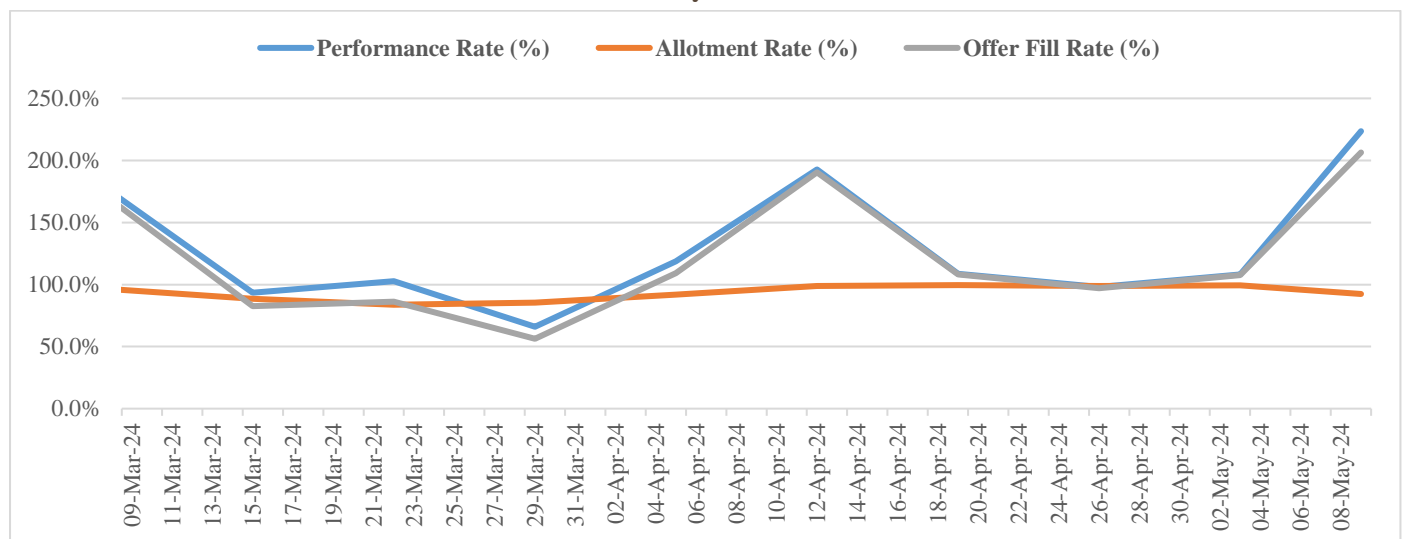
Overall subscription rates surged to 223.6% from 108.2% the previous week. Investors remained skewed on the 91-Day T-Bill, and activity increased on all the three T-Bills, breaking a three-week losing streak for the 182-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-Bill increasing for the fourth consecutive week and the 182-Day T-Bill along with the 364-Day T-Bill rose for the second straight 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 17.2bn for the 91-Day T-Bill, implying a subscription rate of 431.3%. It accepted bids worth KES 10.0 bn at an average yield of 15.904% (+3.8 bps w/w).

The 182-Day T-Bill received bids worth KES 22.9bn, implying a performance rate of 229.64%. It accepted bids worth KES 19.4bn at an average yield of 16.501% (+1.4 bps w/w).

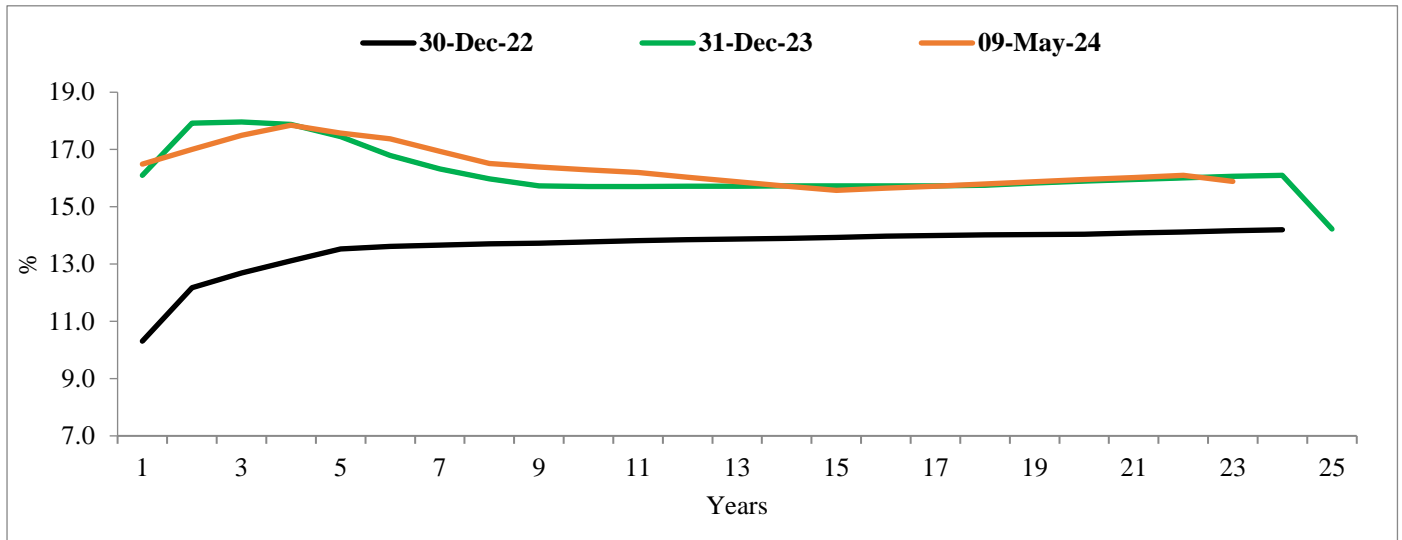
The 364-Day T-Bill received bids worth KES 13.4bn, implying a performance rate of 134.39%. It accepted bids worth KES 13.1bn at an average yield of 16.507% (+1.2 bps w/w).

### T-Bills Performance rates all increase consecutively for the second week



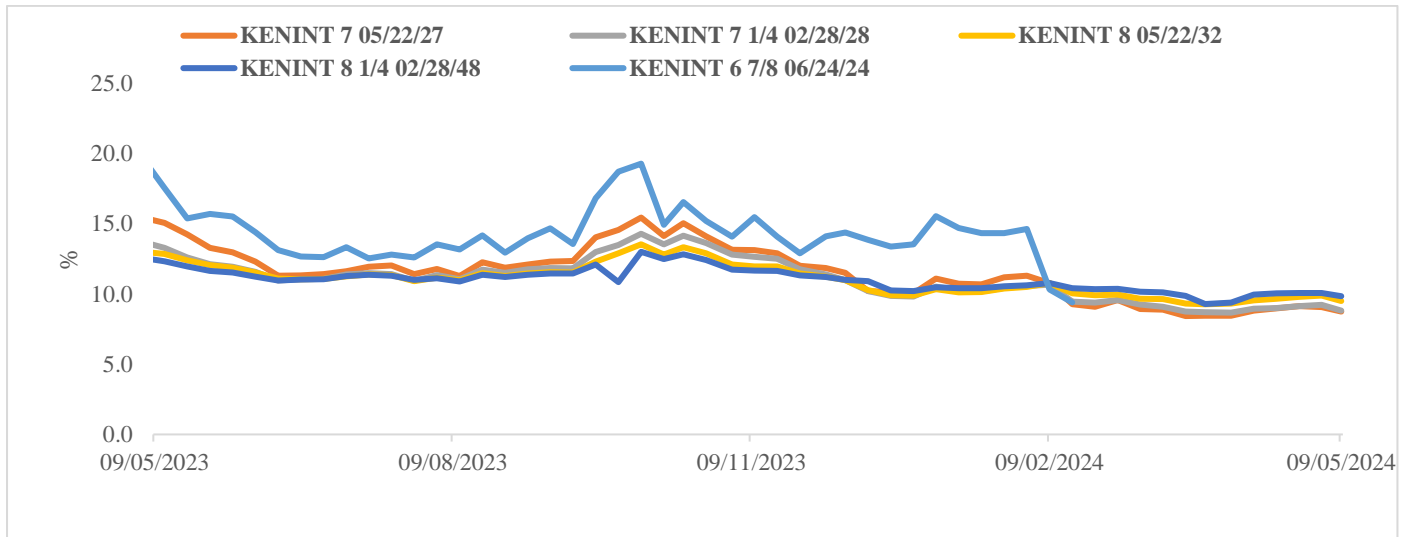
Source: CBK

### Kenya Domestic Yield Curve



Source: CBK

### Kenya Eurobond Yields: Yields across all tenors decline week-on-week



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	16.50	18.7	5,037	29.0%	1.55	1.20	4.7	10.6	7.3	3.5	33.2	1,082,341
Equity Bank	Banking	Dec	49.20	33.65	41.90	24.5	1,205	6.9%	12.22	4.00	48.7	3.4	9.5	0.9	25.1	734,979
EA Breweries	Breweries	Jun	167.00	100.00	157.00	37.7	946	5.5%	12.47	5.50	27.1	12.6	3.5	5.8	46.1	10,197
Co-op Bank	Banking	Dec	15.05	10.20	12.10	6.1	541	3.1%	3.98	1.50	18.4	3.0	12.4	0.7	21.6	75,253
NCBA Bank	Banking	Dec	45.20	30.70	38.20	-1.9	480	2.8%	9.48	3.00	53.7	4.0	7.9	0.7	17.6	15,195
Absa Bank	Banking	Dec	14.20	10.20	12.35	7.9	511	2.9%	2.98	1.55	12.0	4.1	12.6	1.0	24.8	51,566
KCB Bank	Banking	Dec	31.90	15.75	30.05	37.2	736	4.2%	12.47	-	68.1	2.4	-	0.4	18.3	518,772
StanChart Bank	Banking	Dec	201.25	135.25	176.25	8.8	507	2.9%	34.62	29.00	158.0	5.1	16.5	1.1	21.9	33,854
Stanbic Bank	Banking	Dec	130.00	97.25	125.00	14.9	376	2.2%	28.71	15.35	140.8	4.4	12.3	0.9	20.4	31,865
BAT Kenya	Tobacco	Dec	470.50	401.25	410.00	0.6	312	1.8%	55.68	50.00	163.8	7.4	12.2	2.5	34.0	1,671
BK Group	Banking	Dec	37.00	29.65	34.50	-3.6	236	1.4%	7.55	3.28	46.8	4.6	9.5	0.7	16.1	27,316
I&M Holdings	Banking	Dec	22.65	15.85	17.60	0.6	222	1.3%	7.35	2.55	47.8	2.4	14.5	0.4	15.4	20,417
Umeme Ltd.	Power	Dec	17.75	9.98	15.85	-0.9	196	1.1%	3.03	2.12	20.7	5.2	13.4	0.8	14.7	38,070
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	166	1.0%	(2.79)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	48.95	22.50	48.00	33.9	133	0.8%	2.15	5.47	82.1	22.3	11.4	0.6	2.6	-
KenGen	Power	Jun	2.52	1.96	2.31	14.9	116	0.7%	0.76	0.30	41.6	3.0	13.0	0.1	1.8	38,070
Jubilee Insurance	Insurance	Dec	200.00	170.00	178.00	-3.8	98	0.6%	68.38	14.00	613.8	2.6	7.9	0.3	11.1	744
DTB Bank	Banking	Dec	55.75	44.05	50.00	11.0	107	0.6%	22.56	6.00	256.8	2.2	12.0	0.2	8.8	16,793
Britam	Insurance	Dec	5.82	4.06	5.32	11.1	102	0.6%	0.53	-	9.2	10.0	-	0.6	5.7	744
Total Oil	Oil	Dec	22.00	15.80	21.00	16.7	101	0.6%	3.88	1.31	48.0	5.4	6.2	0.4	8.1	933
Kakuzi	Agric	Dec	430.00	360.00	372.00	-3.4	56	0.3%	43.15	24.00	303.5	8.6	6.5	1.2	14.2	174
CIC Insurance	Insurance	Dec	2.52	1.68	2.14	-4.5	43	0.2%	0.42	0.13	3.3	5.1	6.1	0.7	12.8	106,606
Centum Investment	Finance	Mar	9.50	7.88	8.78	4.5	45	0.3%	(8.95)	0.60	55.8	-	6.8	0.2	(16.1)	3,983
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	44.80	34.20	37.00	3.8	40	0.2%	5.13	4.00	24.1	7.2	10.8	1.5	21.3	26,486
Kenya Re	Insurance	Dec	2.21	1.70	1.95	3.7	42	0.2%	1.17	0.10	13.4	1.7	5.1	0.1	8.7	6,565
Sasini Tea & Coffee	Agric	Sept	31.40	17.65	19.05	-4.8	33	0.2%	3.82	1.00	61.7	5.0	5.2	0.3	6.2	402
Carbacid	Gases	July	17.55	12.50	17.15	14.3	33	0.2%	2.98	0.70	13.6	5.8	4.1	1.3	21.9	2,957
Nation Media	Media	Dec	21.60	15.35	20.05	0.0	29	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	8,558
Kenya Power	Power	Jun	1.86	1.35	1.57	10.6	23	0.1%	(1.64)	-	29.1	-	-	0.1	(5.6)	23,902
TPSEA Serena	Tourism	Dec	20.05	11.00	15.00	-8.8	21	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	767
Liberty K. Holdings	Insurance	Dec	5.66	3.45	5.36	45.3	22	0.1%	0.15	-	15.9	35.1	-	0.3	1.0	106,606
BOC Kenya	Gases	Dec	90.25	67.00	88.75	8.2	13	0.1%	7.58	5.95	85.1	11.7	6.7	1.0	8.9	1,671
NSE	Finance	Dec	6.62	5.52	5.84	-3.0	12	0.1%	0.05	0.20	7.1	110.4	3.4	0.8	0.7	1,559
Housing Finance	Banking	Dec	5.10	3.25	4.38	25.9	13	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	2,209
Unga Ltd	Food	Jun	23.00	13.50	13.95	-17.2	8	0.0%	2.48	-	58.3	5.6	-	0.2	4.2	-
Sanlam Kenya	Insurance	Dec	8.60	5.60	6.48	8.0	7	0.0%	(3.77)	-	3.9	-	-	1.7	(97.1)	106,606
Car & Gen	Motors	Sept	41.50	21.30	23.50	-6.0	7	0.0%	26.33	3.20	135.8	0.9	13.6	0.2	19.4	85
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.0%	4.73	1.00	80.9	80.4	0.3	4.7	5.8	20
WPP Scangroup	Media	Dec	3.18	1.99	2.11	-3.2	7	0.0%	(0.30)	-	11.9	-	-	0.2	(2.5)	1,044
EA Portland	Cement	Jun	9.40	5.32	6.48	-19.0	4	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	1,115
Standard Newspapers	Media	Dec	9.80	5.10	5.70	-26.4	4	0.0%	(10.05)	-	0.4	-	-	13.0	(2,284)	34
Longhorn	Publishing	Jun	2.93	2.01	2.30	-4.6	5	0.0%	0.62	-	2.8	3.7	-	0.8	22.2	66
TransCentury	Finance	Dec	0.95	0.40	0.56	7.7	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	3,983
<b>Average</b>												<b>5.5</b>	<b>5.9</b>	<b>1.6</b>	<b>18.7</b>	<b>3,119,368</b>

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