

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	34.07	29.25	16.5%	BUY
Equity bank	70.69	48.60	45.5%	BUY
KCB bank	68.17	42.45	60.6%	BUY
Co-op bank	19.83	12.55	58.0%	BUY
ABSA bank	14.44	11.95	20.8%	BUY
StanChart bank	122.25	139.00	-12.1%	HOLD
NCBA bank	43.98	33.00	33.3%	BUY
I&M bank	32.61	17.00	91.8%	BUY
Stanbic bank	109.98	93.50	17.6%	BUY
DTB bank	130.90	50.50	159.2%	BUY
EABL	223.42	153.00	46.0%	BUY
Bamburi Cement	60.07	34.60	73.6%	BUY
BAT Kenya	549.38	450.00	22.1%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- Rebounding from a 3-weeks declining streak, the NASI edged up 3.1% w/w to 141.64 and the NSE 20 notched up 1.6% w/w to 1,787.48 for the second consecutive week. Local investors drove trading throughout the week. The NASI rallied for three days in a row, before breaking on the upward trend on the last day of trading. On account of local demand, NCBA bank touched a 30-months high.

Debt market commentary and outlook

- Overall subscription rate jumped to 153.0% to hit a 35-weeks high, up from 128.8% marked the prior week. Activity continued to be biased on the 91-day T-Bill - its yield notched upwards for the fifteenth straight week. However, activity on the 182-day T-Bill decreased during the week, but the 364-day T-Bill remained subdued for the seventh week in a row.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,787.5	1.6%	-0.7%	5.2%	-4.1%	-13.4%	-6.0%
Kenya NASI Return	141.6	3.1%	-3.6%	9.5%	-10.9%	-21.4%	-14.9%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	-2.7%	-16.5%	-21.4%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	-3.2%	-20.7%	-28.9%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	-1.1%	-1.8%	-2.0%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	2.5%	-4.3%	6.1%	-15.5%	-28.2%	-20.2%
Johannesburg Index	2.0%	-8.9%	-9.2%	-18.7%	-13.4%	-14.1%
Nigeria Stock Exchange	-2.1%	-1.3%	-9.9%	0.1%	20.5%	13.3%
Ghana Stock Exchange	-1.6%	-9.4%	-23.1%	-35.8%	-46.5%	-45.3%
Egyptian Stock Exchange	2.8%	1.9%	-2.9%	-20.1%	-24.5%	-30.2%
MSCI EFM ex SA Index	-0.1%	-3.9%	-7.4%	-14.9%	-23.5%	-22.8%

Other market statistics

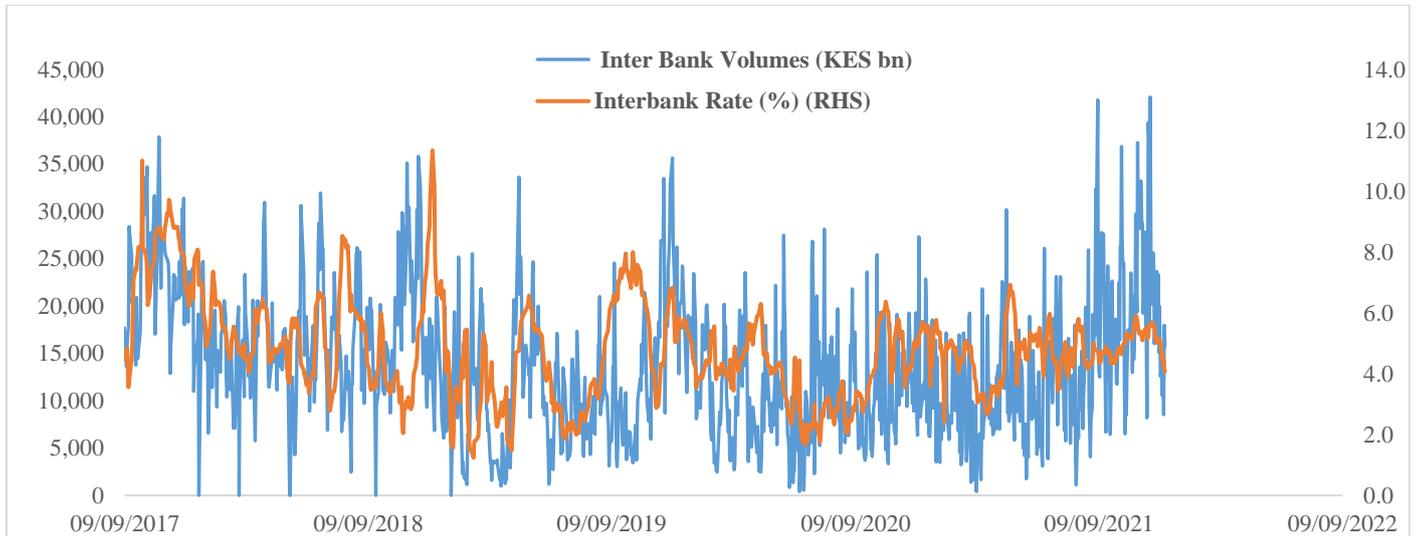
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	120.3	-0.1%	-0.8%	-2.7%	-5.0%	-8.7%	-6.0%
USD/ZAR	17.3	0.0%	-6.1%	-9.8%	-13.1%	-18.7%	-7.9%
USD/EGP	19.3	-0.5%	-0.9%	-3.2%	-18.8%	-18.7%	-18.7%
USD/NGN	435.4	-1.4%	-1.7%	-3.6%	-4.5%	-5.6%	-2.6%
USD/GHS	10.1	-1.8%	-10.5%	-21.8%	-29.8%	-40.3%	-38.9%

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	676.9	-156.8	31.2%	4.3%	-22.9%	-32.9%	26.6%
NCBA bank	198.5	1.9	2.0%	9.3%	31.0%	-0.6%	43.5%
Equity bank	157.1	-14.0	62.4%	0.9%	-7.9%	-9.2%	24.6%
KCB bank	142.3	75.4	36.7%	3.9%	-6.6%	-12.6%	21.3%
Co-op bank	100.2	10.9	5.6%	1.6%	-3.1%	-7.4%	17.3%

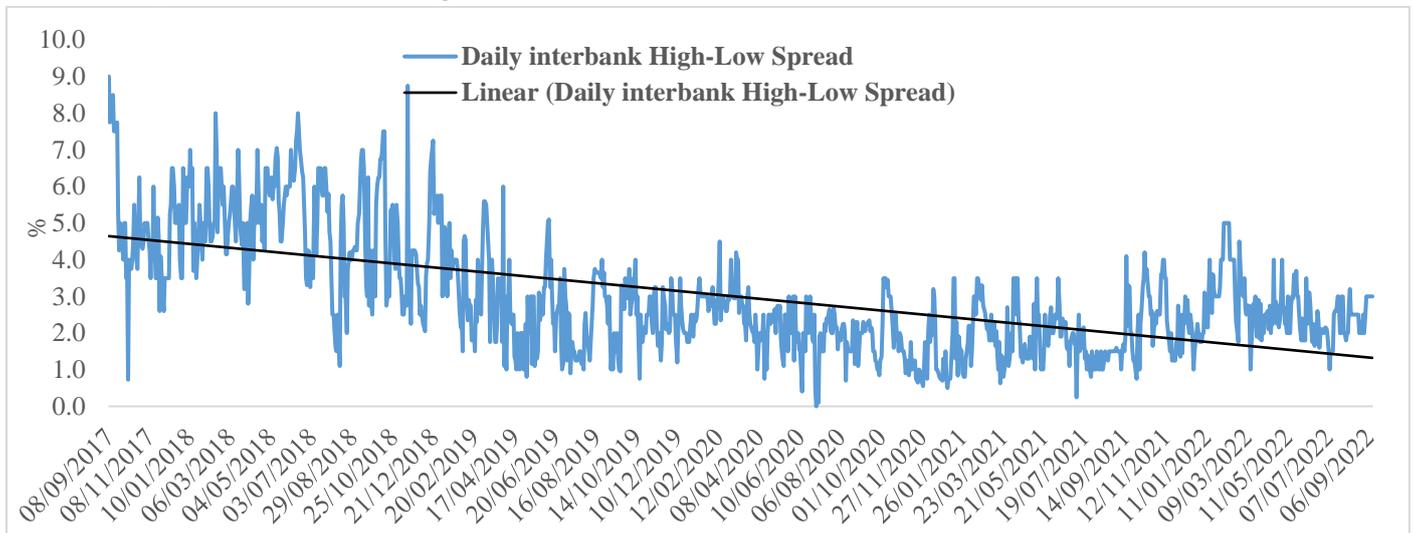
Key Rates and Spreads

Inter-bank rate decline to the lowest levels since February 2022



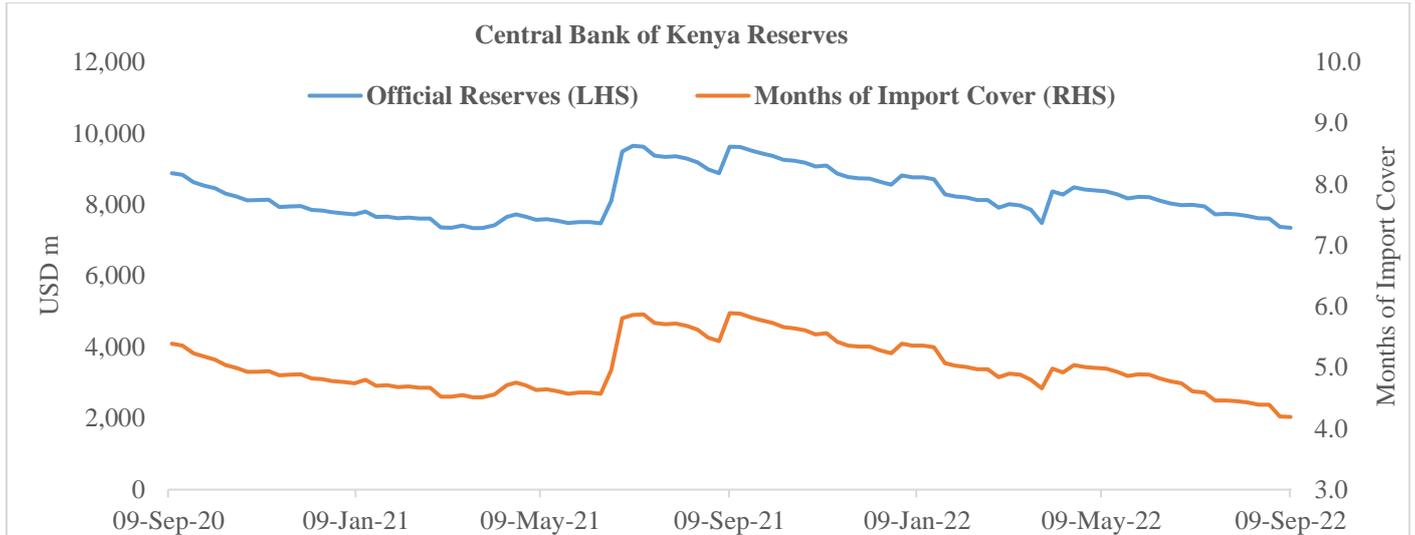
Source: CBK

Inter-bank spreads remain unchanged week-on-week



Source: CBK

Forex reserves and import cover decline for the sixth successive week



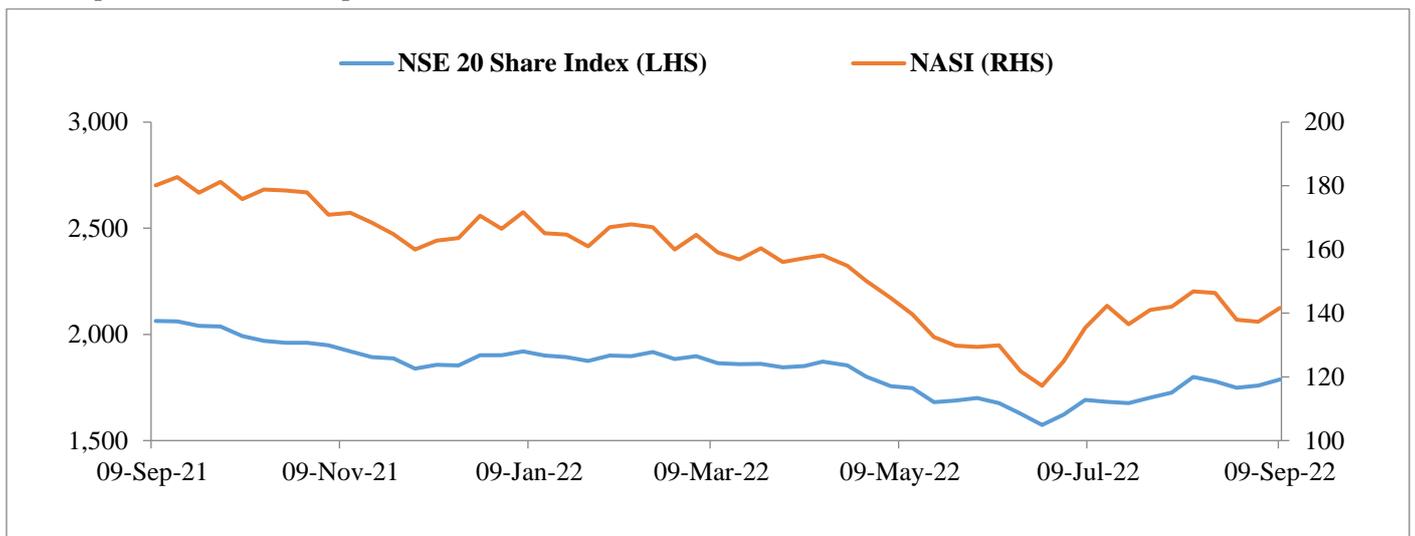
Source: CBK

Equity market trading commentary

Market turnover reduced by 11.3% w/w to settle at USD 13.4m (KES 1.6bn). Rebounding from a 3-weeks declining streak, the NASI edged up 3.1% w/w to 141.64 and the NSE 20 notched up 1.6% w/w to 1,787.48 for the second consecutive week. Foreign investors remained net sellers at USD 0.6m (KES 68.8m) for the third week running. Local investors dominated trading during the week, touching a 25-weeks high. Safaricom posted the highest net foreign outflows at USD 1.3m (KES 156.8m). On the other hand, KCB bank registered the highest net foreign inflows at USD 0.6m (KES 75.4m).

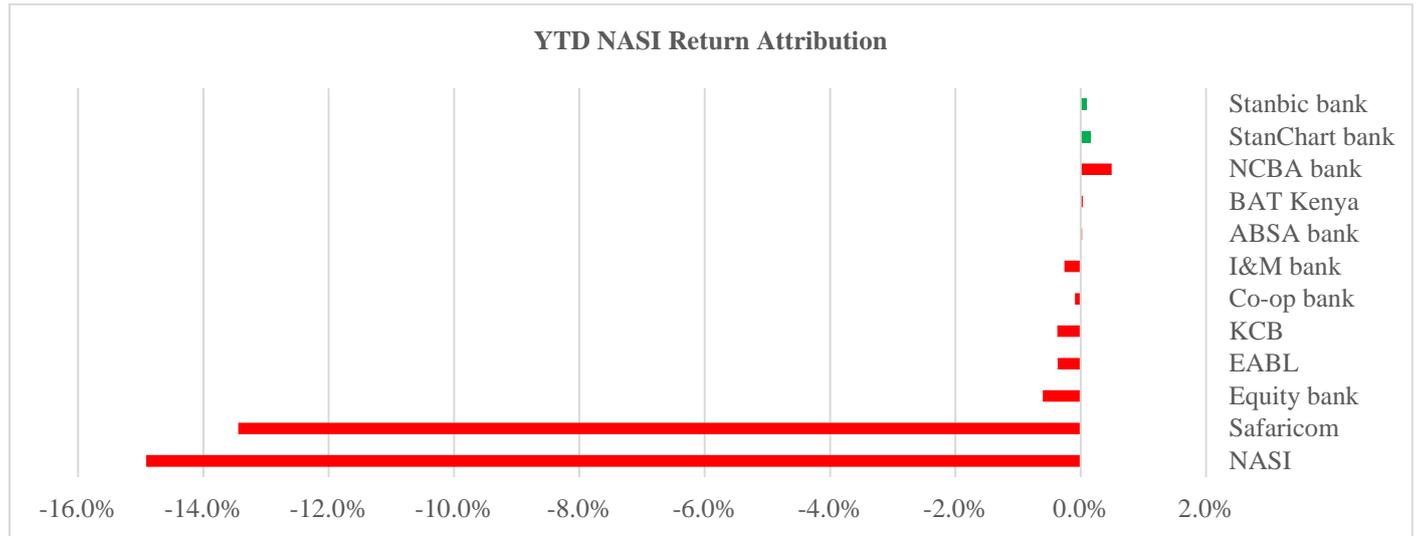
During the week, local investors drove trading throughout the week. The NASI rallied for three days in a row, before breaking on the upward trend on the last day of trading. On account of local demand, NCBA bank touched a 30-month high. It has been reported that one of the key shareholders of NCBA bank have increased their stake in the bank. In addition, the bank announced an interim dividend in 1H22 of KES 2.00 per share.

Market performance over the past 12 months



Source: NSE

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



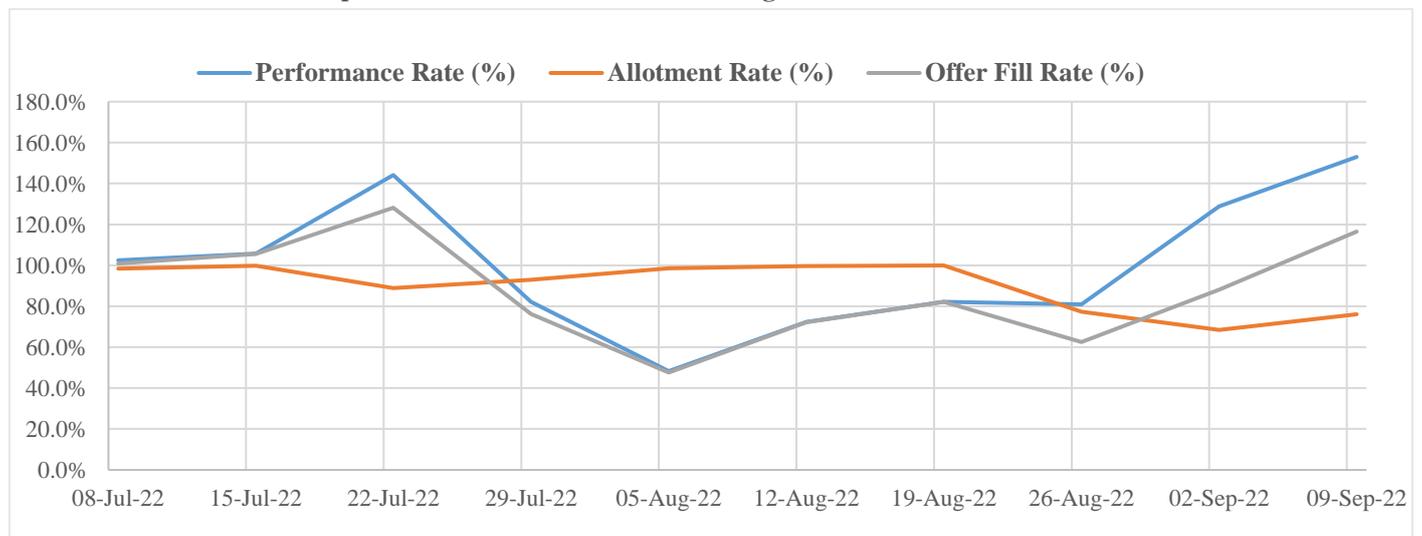
Source: Kestrel Research

Debt market trading commentary

Overall subscription rate jumped to 153.0% to hit a 35-weeks high, up from 128.8% marked the prior week. Activity continued to be biased on the 91-day T-Bill - its yield notched upwards for the fifteen straight week. However, activity on the 182-day T-Bill decreased during the week, but the 364-day T-Bill remained subdued for the seventh week in a row.

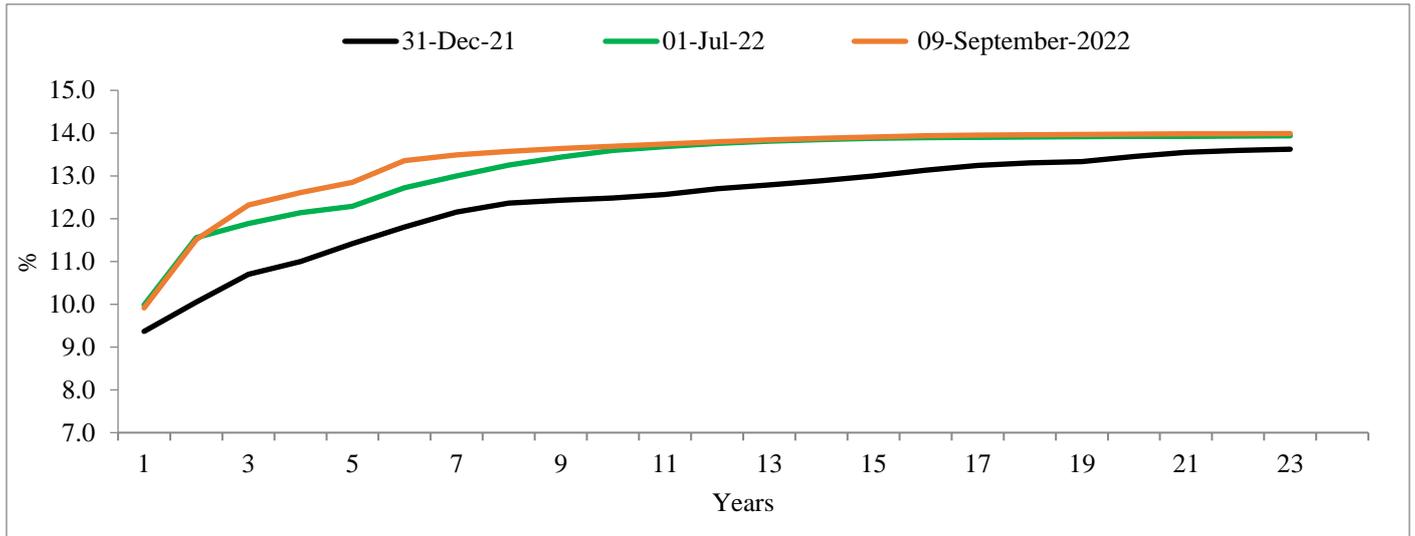
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 27.0bn for the 91-Day T-Bill, implying a subscription rate of 675.37%. It accepted bids worth KES 20.2bn at an average yield of 8.910% (+5.0bps w/w). The 182-Day T-Bill received bids worth KES 6.2bn, implying a performance rate of 62.27%. It accepted bids worth KES 4.3bn at an average yield of 9.599% (+2.3bps w/w). The 364-Day T-Bill received bids worth KES 3.5bn, implying a performance rate of 34.76%. It accepted bids worth KES 3.5bn at an average yield of 9.915% (+3.9bps w/w).

T-Bills Performance: Overall performance rate reach a 35-weeks high



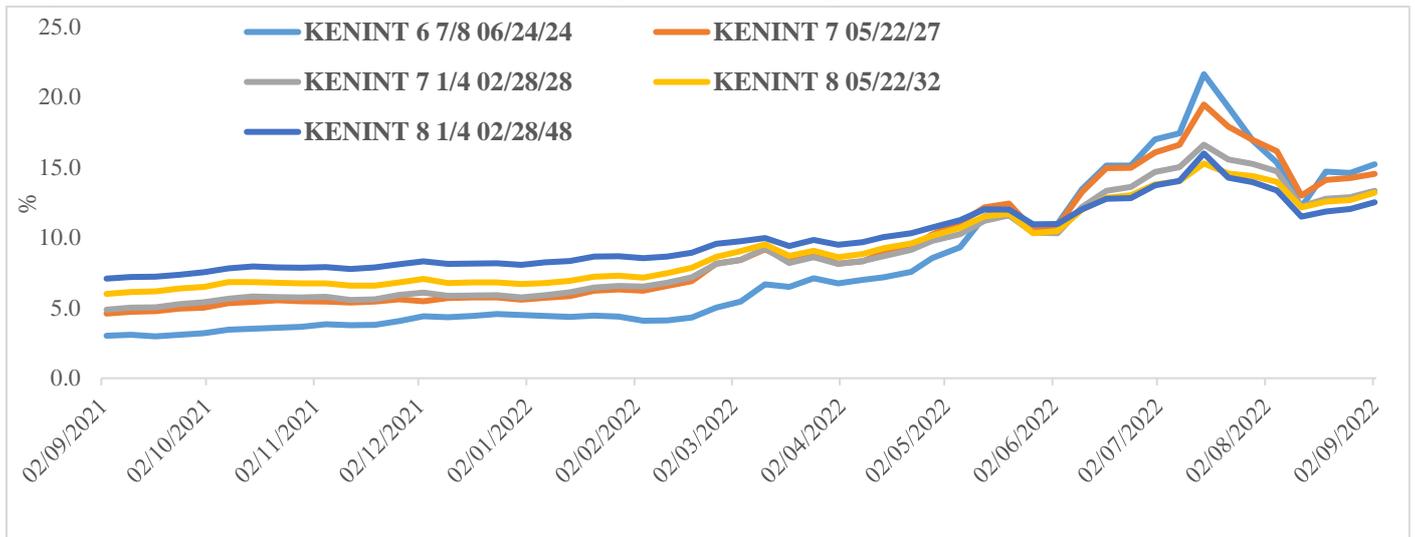
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors edge down after rising for the last two weeks



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading ¹ vol (USD)
Safaricom	Telecom	Mar	43.60	23.10	29.25	-22.9	9,741	52.8%	1.74	1.39	3.5	16.8	4.8	8.4	49.9	1,488,341
Equity Bank	Banking	Dec	53.50	39.00	48.60	-7.9	1,524	8.3%	12.02	3.00	38.1	4.0	6.2	1.3	31.6	535,620
KCB Bank	Banking	Dec	48.55	35.00	42.45	-6.6	1,134	6.1%	11.92	3.00	55.7	3.6	7.1	0.8	21.4	287,581
EA Breweries	Breweries	Jun	176.00	110.00	153.00	-7.3	1,006	5.5%	15.00	11.00	20.5	10.2	7.2	7.5	73.2	212,368
Co-op Bank	Banking	Dec	13.55	10.70	12.55	-3.1	612	3.3%	3.52	1.00	16.5	3.6	8.0	0.8	21.3	40,204
Absa Bank	Banking	Dec	12.70	9.70	11.95	0.8	540	2.9%	2.15	1.10	10.9	5.6	9.2	1.1	19.7	16,362
NCBA Bank	Banking	Dec	33.20	23.00	33.00	31.0	452	2.5%	8.10	4.25	48.7	4.1	12.9	0.7	16.6	60,875
StanChart Bank	Banking	Dec	146.25	123.75	139.00	8.4	437	2.4%	24.92	19.00	147.2	5.6	13.7	0.9	16.9	59,846
BAT Kenya	Tobacco	Dec	509.00	404.00	450.00	1.9	374	2.0%	67.10	55.00	129.1	6.7	12.2	3.5	52.0	34,406
Stanbic Bank	Banking	Dec	108.00	86.00	93.50	7.2	307	1.7%	18.81	7.30	122.8	5.0	7.8	0.8	15.3	1,985
I&M Holdings	Banking	Dec	23.00	16.50	17.00	-19.4	234	1.3%	5.38	1.50	42.6	3.2	8.8	0.4	12.6	28,833
Bank of Kigali	Banking	Dec	32.65	24.30	30.20	4.1	225	1.2%	7.95	3.28	41.8	3.8	10.9	0.7	19.0	1,709
KenGen	Power	Jun	4.98	3.38	3.70	-11.7	203	1.1%	0.16	0.18	32.4	23.3	4.9	0.1	0.5	12,279
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	181	1.0%	(2.79)	-	(14.7)	-	-	-	-	-
Jubilee Insurance	Insurance	Dec	368.75	240.25	245.00	-22.7	148	0.8%	94.22	14.00	544.4	2.6	5.7	0.5	17.3	6,398
Britam	Insurance	Dec	8.34	5.44	6.74	-10.1	141	0.8%	0.03	-	7.5	235.8	-	0.9	0.4	3,718
Total Oil	Oil	Dec	25.85	21.75	25.00	0.0	131	0.7%	4.35	1.31	45.4	5.7	5.2	0.6	9.6	807
DTB Bank	Banking	Dec	65.00	48.40	50.50	-15.1	117	0.6%	16.32	3.00	246.4	3.1	5.9	0.2	6.6	19,710
Bamburi Cement	Cement	Dec	39.00	32.15	34.60	-8.9	104	0.6%	2.15	3.58	0.1	16.1	10.3	421.4	2,618.6	9,164
Umeme Ltd.	Power	Dec	8.30	5.50	7.20	6.8	97	0.5%	2.74	1.73	17.6	2.6	24.1	0.4	15.6	3,038
Kakuzi	Agric	Dec	441.25	367.50	368.00	-4.4	60	0.3%	39.24	18.00	278.0	9.4	4.9	1.3	14.1	24,026
Crown Paints	Manufac.	Dec	44.00	26.80	43.60	43.0	52	0.3%	5.13	4.00	24.1	8.5	9.2	1.8	21.3	463
Centum Investment Kenya Re	Finance	Mar	17.85	8.00	9.10	-35.5	50	0.3%	(2.01)	0.59	65.1	-	6.5	0.1	(3.1)	13,971
CIC Insurance	Insurance	Dec	2.60	1.94	2.15	-6.5	50	0.3%	1.17	0.10	13.4	1.8	4.7	0.2	8.7	1,822
ARM Cement	Insurance	Dec	2.99	1.87	2.12	-4.1	46	0.2%	0.30	-	3.0	7.1	-	0.7	9.9	2,124
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Sasini Tea & Coffee	Cement	Dec	5.55	5.55	5.55	0.0	44	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	23.20	24.1	44	0.2%	(1.48)	0.50	56.5	-	2.2	0.4	(2.6)	173
Liberty K. Holdings	Insurance	Dec	8.34	5.02	7.46	6.6	33	0.2%	0.15	-	15.9	48.8	-	0.5	1.0	63
Nation Media	Media	Dec	25.60	16.20	18.85	2.2	30	0.2%	2.59	1.49	42.1	7.3	7.9	0.4	6.2	4,514
Kenya Power	Power	Jun	2.02	1.31	1.60	-8.6	26	0.1%	2.65	-	29.3	0.6	-	0.1	9.0	10,460
Carbacid	Gases	July	13.25	10.35	12.10	10.0	26	0.1%	2.22	0.70	13.5	5.5	5.8	0.9	16.4	1,875
TPSEA Serena	Tourism	Dec	17.50	11.50	16.45	7.9	25	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	652
Unga Ltd	Food	Jun	36.25	27.00	31.00	12.1	20	0.1%	2.89	-	56.2	10.7	-	0.6	5.1	335
NSE	Finance	Dec	9.88	6.60	7.98	-0.2	17	0.1%	0.51	1.40	8.0	15.6	17.5	1.0	6.4	1,607
BOC Kenya	Gases	Dec	93.25	64.50	85.00	21.4	14	0.1%	4.78	6.70	84.3	17.8	7.9	1.0	5.7	475
Car & Gen	Motors	Sept	76.00	30.00	40.55	19.4	14	0.1%	26.33	3.20	135.8	1.5	7.9	0.3	19.4	259
WPP Scangroup	Media	Dec	5.58	2.86	3.70	-10.6	13	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	648
Sanlam Kenya	Insurance	Dec	15.00	9.70	10.90	-5.6	13	0.1%	(3.77)	-	3.9	-	-	2.8	(97.1)	63
Housing Finance	Banking	Dec	4.90	2.86	3.56	-8.7	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,482
Limuru Tea	Agric	Dec	510.00	297.00	510.00	59.4	10	0.1%	(0.50)	0.70	75.9	-	0.1	6.7	(0.7)	286
Standard Newspapers	Media	Dec	18.00	11.55	14.30	5.5	10	0.1%	(0.90)	-	10.5	-	-	1.4	(8.5)	55
Longhorn	Publishing	Jun	4.4	2.74	3.76	-6.0	9	0.0%	0.62	-	2.8	6.1	-	1.4	22.2	1,192
EA Portland	Cement	Jun	8.80	6.06	7.64	14.7	6	0.0%	(30.77)	-	208.4	-	-	0.0	(14.8)	42
TransCentury	Finance	Dec	1.47	1.00	1.18	0.9	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	83
											Average	13.4	6.2	7.6	53.3	2,904,794

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