

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	16.00	91.9%	BUY
Equity bank	43.67	42.10	3.7%	HOLD
KCB bank	47.26	27.95	69.1%	BUY
Co-op bank	20.46	13.55	51.0%	BUY
ABSA bank	12.89	12.80	0.7%	HOLD
StanChart bank	138.26	195.25	-29.2%	SELL
NCBA bank	40.68	44.90	-9.4%	HOLD
I&M bank	33.32	19.05	74.9%	BUY
Stanbic bank	108.85	112.50	-3.2%	HOLD
DTB bank	116.13	50.00	132.3%	BUY
EABL	151.28	156.00	-3.0%	HOLD
Bamburi Cement	27.61	46.75	-40.9%	SELL
BAT Kenya	460.00	412.50	11.5%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL rallied to an 8-month high attributable to local demand. ABSA bank hit a 1-month low on the back of local investors' sell-off.

Debt market commentary and outlook

- Overall subscription rates fell from 192.8% the previous week down to 108.7%. Investors remained skewed on the 91-Day T-Bill, and activity decreased on all three T-Bills. The yield on the 91-Day T-Bill increased while the yield on the 182-Day T-Bill and the 364-Day T-Bill both decreased for the third consecutive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,689.3	-2.1%	0.1%	11.6%	13.4%	6.0%	12.5%
Kenya NASI Return	106.6	-3.6%	-1.0%	14.9%	14.4%	-1.1%	15.7%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-6.3%	-1.9%	38.5%	28.5%	0.2%	35.3%
Johannesburg Index	0.0%	5.7%	6.6%	10.2%	-5.4%	-3.3%
Nigeria Stock Exchange	1.2%	12.1%	-21.9%	-0.4%	-25.5%	1.0%
Ghana Stock Exchange	-1.9%	-7.2%	-3.9%	-5.0%	6.9%	-3.9%
Egyptian Stock Exchange	-1.5%	-5.2%	-32.0%	-15.6%	4.2%	-26.0%
MSCI EFM ex SA Index	-0.3%	0.1%	-15.8%	-7.3%	-6.0%	-11.9%

Other market statistics

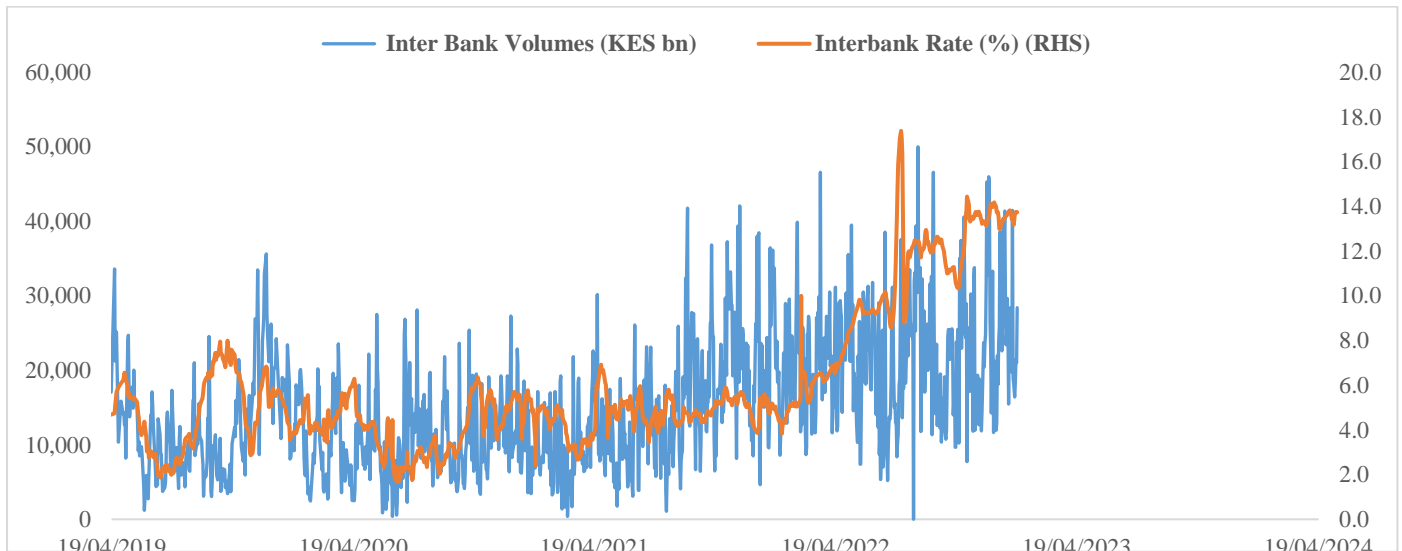
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	133.50	-2.6%	-0.8%	21.3%	12.4%	1.1%	17.5%
USD/ZAR	19.29	-4.0%	-1.4%	-1.3%	-1.4%	-6.1%	-4.8%
USD/EGP	48.27	-1.5%	-3.2%	-36.0%	-36.0%	-36.0%	-36.0%
USD/NGN	1151.00	7.9%	27.0%	-22.6%	-29.6%	-59.9%	-20.8%
USD/GHS	13.45	-0.5%	-3.0%	-10.4%	-12.2%	-13.4%	-11.2%

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	490.5	-131.9	44.6%	-5.6%	15.1%	-10.9%	50.6%
EABL	349.4	96.2	78.5%	11.2%	36.8%	-16.9%	38.8%
KCB	288.1	99.4	41.5%	7.0%	27.6%	-11.7%	91.1%
Equity	152.3	-14.7	8.4%	-9.4%	25.1%	-2.7%	42.2%
Stanchart	48.5	-7.4	10.4%	-2.0%	20.5%	0.0%	48.8%

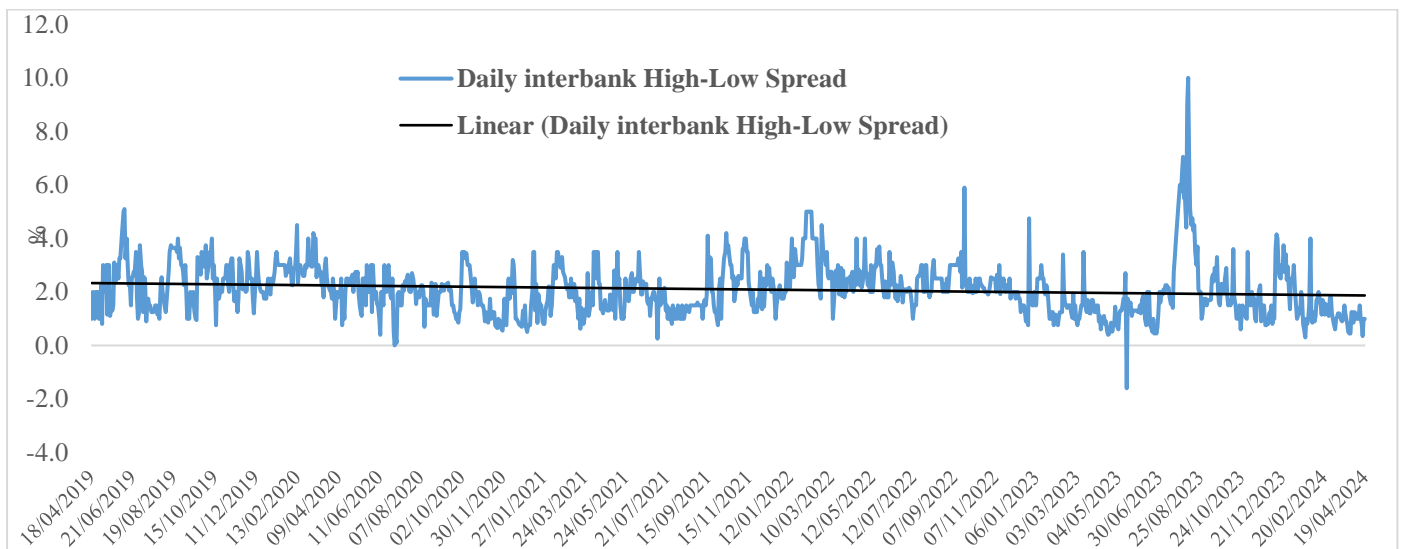
Key Rates and Spreads

Inter-bank Rates increase week-on-week



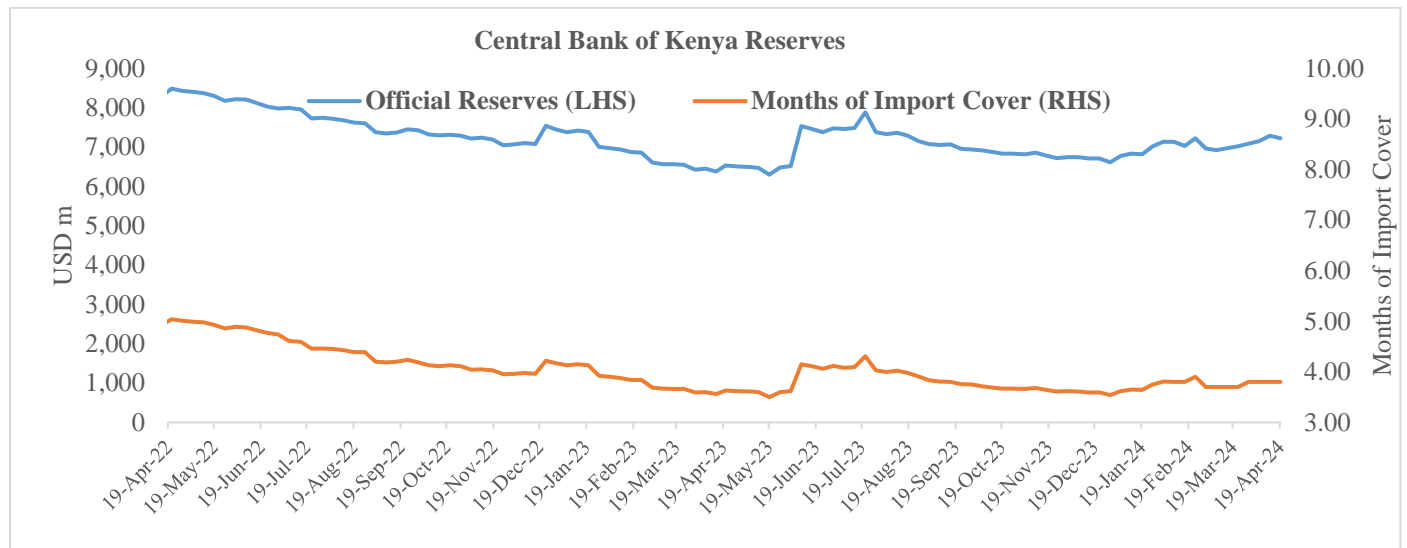
Source: CBK

Inter-bank Spreads narrow week-on-week.



Source: CBK

Months of import cover & CBK FX reserves decline w/w, halting a 5-weeks rising streak



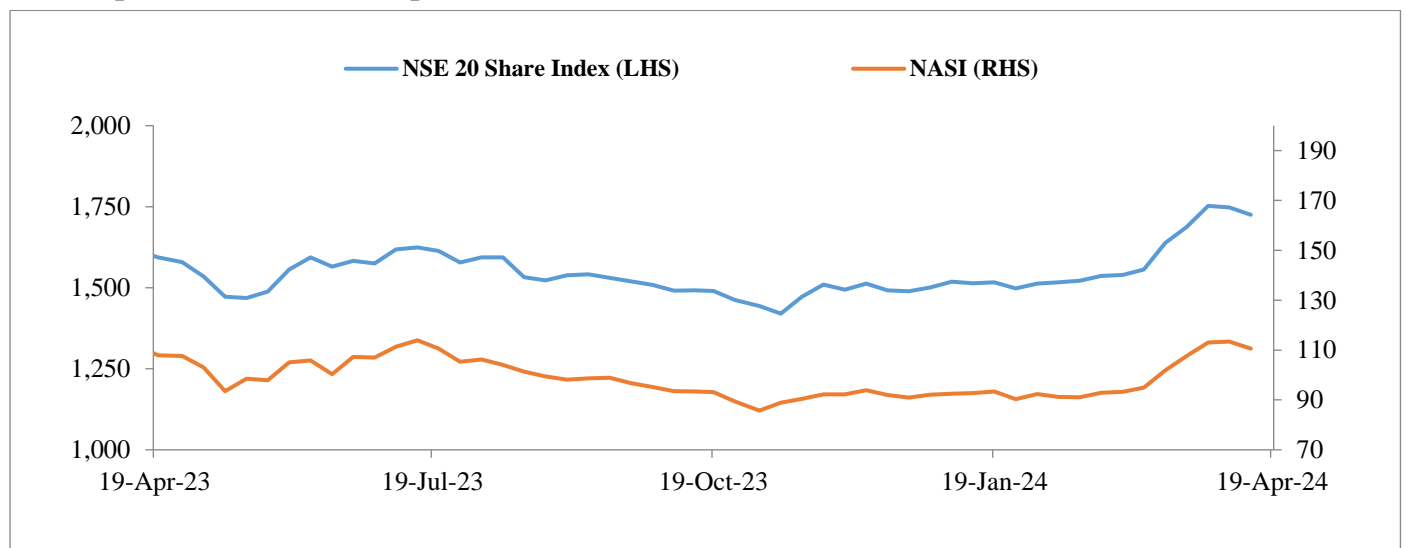
Source: CBK

Equity market trading commentary

Market turnover grew by 15.4% to stand at USD 16.2m (KES 2.1bn). The NASI reduced for the second week straight by an additional 3.6% to stop at 106.60, while the NSE 20 for the third straight week shed another 2.1% to conclude at 1689.31. Local investors drove trading consecutively for the second week at 68.7%, an increase from 64.3% the previous week. Foreign investors turned net sellers at USD 24.3k (KES 3.2m).

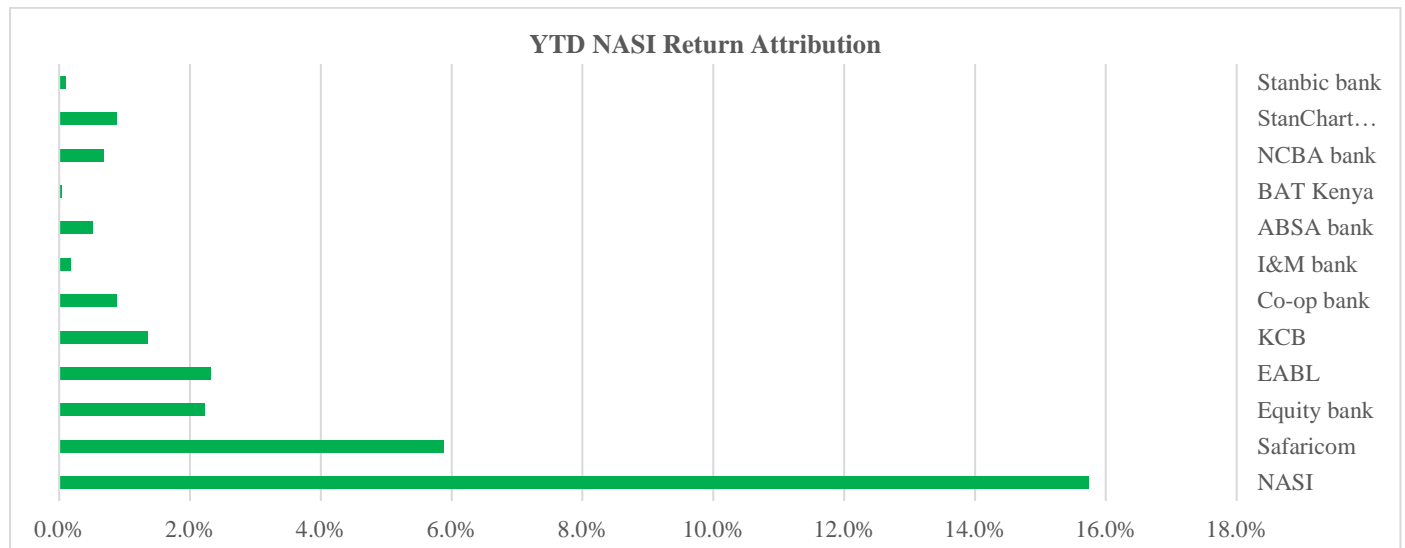
During the week, EABL rallied to an 8-month high attributable to local demand. ABSA bank hit a 1-month low on the back of local investors' sell-off.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

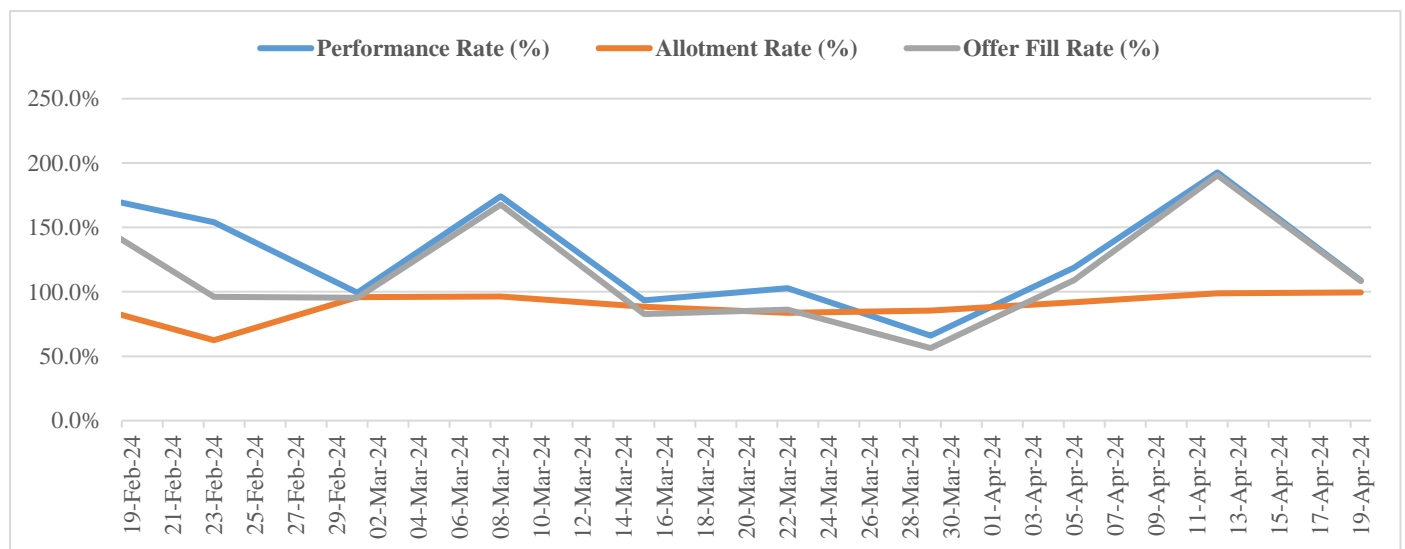
Overall subscription rates fell from 192.8% the previous week down to 108.7%. Investors remained skewed on the 91-Day T-Bill, and activity decreased on all three T-Bills. The yield on the 91-Day T-Bill increased while the yield on the 182-Day T-Bill and the 364-Day T-Bill both decreased for the third consecutive 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 6.0bn for the 91-Day T-Bill, implying a subscription rate of 150.1%. It accepted bids worth KES 5.9 bn at an average yield of 15.803% (+7.0 bps w/w).

The 182-Day T-Bill received bids worth KES 7.8bn, implying a performance rate of 78.15%. It accepted bids worth KES 7.8bn at an average yield of 16.467% (-40.1 bps w/w).

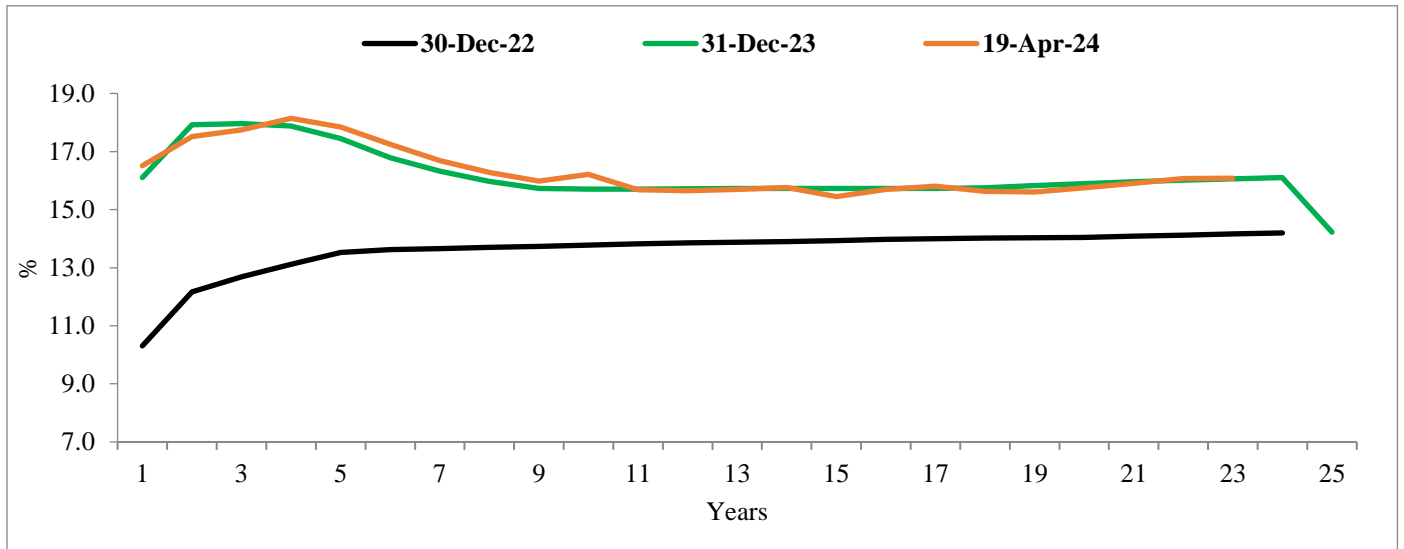
The 364-Day T-Bill received bids worth KES 12.2bn, implying a performance rate of 122.7%. It accepted bids worth KES 12.2bn at an average yield of 16.508% (-2.3 bps w/w).

T-Bills Performance rates decrease further week-on-week



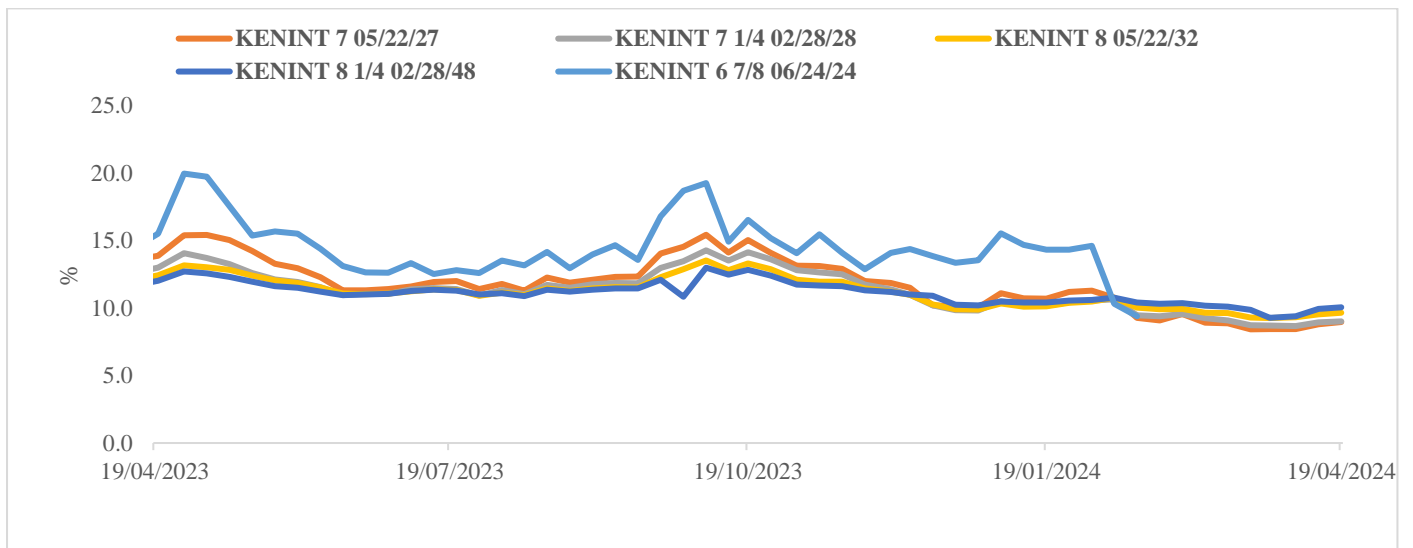
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields



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	19.70	11.65	16.00	15.1	4,877	28.1%	1.55	1.20	4.7	10.3	7.5	3.4	33.2	1,078,939
Equity Bank	Banking	Dec	49.20	33.65	42.10	25.1	1,209	7.0%	12.22	4.00	48.7	3.4	9.5	0.9	25.1	767,769
EA Breweries	Breweries	Jun	167.00	100.00	156.00	36.8	939	5.4%	12.47	5.50	27.1	12.5	3.5	5.8	46.1	7,870
Co-op Bank	Banking	Dec	15.05	10.20	13.55	18.9	605	3.5%	3.98	1.50	18.4	3.4	11.1	0.7	21.6	55,999
NCBA Bank	Banking	Dec	45.20	30.70	44.90	15.3	563	3.2%	9.48	3.00	53.7	4.7	6.7	0.8	17.6	13,784
Absa Bank	Banking	Dec	14.20	10.10	12.80	11.8	529	3.1%	2.98	1.55	12.0	4.3	12.1	1.1	24.8	46,470
KCB Bank	Banking	Dec	34.10	15.75	27.95	27.6	683	3.9%	12.47	-	68.1	2.2	-	0.4	18.3	394,733
StanChart Bank	Banking	Dec	201.25	135.25	195.25	20.5	561	3.2%	34.62	29.00	158.0	5.6	14.9	1.2	21.9	30,518
Stanbic Bank	Banking	Dec	130.00	97.25	112.50	3.4	338	2.0%	28.71	15.35	140.8	3.9	13.6	0.8	20.4	27,154
BAT Kenya	Tobacco	Dec	477.25	401.25	412.50	1.2	314	1.8%	55.68	50.00	163.8	7.4	12.1	2.5	34.0	1,582
BK Group	Banking	Dec	37.00	29.65	35.25	-1.5	241	1.4%	7.55	3.28	46.8	4.7	9.3	0.8	16.1	1,122
I&M Holdings	Banking	Dec	22.65	15.85	19.05	8.9	240	1.4%	7.35	2.55	47.8	2.6	13.4	0.4	15.4	20,429
Umeme Ltd.	Power	Dec	17.75	9.98	15.65	-2.2	193	1.1%	3.03	2.12	20.7	5.2	13.6	0.8	14.7	36,887
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	166	1.0%	(2.79)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	47.55	22.50	46.75	30.4	129	0.7%	2.15	5.47	82.1	21.7	11.7	0.6	2.6	-
KenGen	Power	Jun	2.52	1.96	2.21	10.0	111	0.6%	0.76	0.30	41.6	2.9	13.6	0.1	1.8	36,887
Jubilee Insurance	Insurance	Dec	200.00	170.00	191.00	3.2	105	0.6%	68.38	14.00	613.8	2.8	7.3	0.3	11.1	2,287
DTB Bank	Banking	Dec	55.75	44.05	50.00	11.0	106	0.6%	22.56	6.00	256.8	2.2	12.0	0.2	8.8	13,945
Britam	Insurance	Dec	5.76	4.05	5.72	19.4	110	0.6%	0.53	-	9.2	10.8	-	0.6	5.7	2,287
Total Oil	Oil	Dec	22.00	15.80	17.95	-0.3	86	0.5%	3.88	1.31	48.0	4.6	7.3	0.4	8.1	461
Kakuzi	Agric	Dec	430.00	290.25	372.00	-3.4	55	0.3%	43.15	24.00	303.5	8.6	6.5	1.2	14.2	183
CIC Insurance	Insurance	Dec	2.52	1.68	2.34	4.5	47	0.3%	0.42	0.13	3.3	5.6	5.6	0.7	12.8	81,286
Centum Investment	Finance	Mar	9.50	7.88	8.48	1.0	43	0.2%	(8.95)	0.60	55.8	-	7.1	0.2	(16.1)	4,265
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	38.45	7.9	42	0.2%	5.13	4.00	24.1	7.5	10.4	1.6	21.3	25,079
Kenya Re	Insurance	Dec	2.21	1.70	1.94	3.2	41	0.2%	1.17	0.10	13.4	1.7	5.2	0.1	8.7	4,837
Sasini Tea & Coffee	Agric	Sept	31.40	18.20	20.00	0.0	35	0.2%	3.82	1.00	61.7	5.2	5.0	0.3	6.2	4,877
Carbacid	Gases	July	17.55	12.45	17.05	13.7	33	0.2%	2.98	0.70	13.6	5.7	4.1	1.3	21.9	4,608
Nation Media	Media	Dec	21.60	15.05	20.60	2.7	30	0.2%	16.74	1.49	43.1	1.2	7.2	0.5	38.9	2,589
Kenya Power	Power	Jun	1.86	1.35	1.51	6.3	22	0.1%	(1.64)	-	29.1	-	-	0.1	(5.6)	22,511
TPSEA Serena	Tourism	Dec	20.05	11.00	20.05	21.9	28	0.2%	(3.47)	-	33.3	-	-	0.6	(10.4)	1,676
Liberty K. Holdings	Insurance	Dec	5.54	3.45	4.99	35.2	20	0.1%	0.15	-	15.9	32.7	-	0.3	1.0	81,286
BOC Kenya	Gases	Dec	90.25	67.00	67.00	-18.3	10	0.1%	7.58	5.95	85.1	8.8	8.9	0.8	8.9	1,582
NSE	Finance	Dec	6.62	5.52	6.14	2.0	12	0.1%	0.05	0.20	7.1	116.1	3.3	0.9	0.7	1,371
Housing Finance	Banking	Dec	5.10	3.25	4.01	15.2	12	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	2,010
Unga Ltd	Food	Jun	23.00	13.70	14.90	-11.6	9	0.0%	2.48	-	58.3	6.0	-	0.3	4.2	-
Sanlam Kenya	Insurance	Dec	8.60	5.60	6.00	0.0	7	0.0%	(3.77)	-	3.9	-	-	1.5	(97.1)	81,286
Car & Gen	Motors	Sept	41.50	21.30	28.50	14.0	9	0.1%	26.33	3.20	135.8	1.1	11.2	0.2	19.4	58
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	2.01	-7.8	7	0.0%	(0.30)	-	11.9	-	-	0.2	(2.5)	982
EA Portland	Cement	Jun	9.40	5.32	7.02	-12.3	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	961
Standard Newspapers	Media	Dec	9.80	5.10	6.78	-12.4	4	0.0%	(10.05)	-	0.4	-	-	15.4	(2,284)	27
Longhorn	Publishing	Jun	2.93	2.01	2.40	-0.4	5	0.0%	0.62	-	2.8	3.9	-	0.9	22.2	71
TransCentury	Finance	Dec	1.07	0.40	0.70	34.6	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	4,265
											Average	5.4	5.9	1.6	18.5	3,243,012

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