

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	13.80	125.4%	BUY
Equity bank	43.67	37.25	17.2%	BUY
KCB bank	47.26	19.90	137.5%	BUY
Co-op bank	20.46	11.60	76.4%	BUY
ABSA bank	12.89	11.95	7.9%	HOLD
StanChart bank	138.26	160.00	-13.6%	HOLD
NCBA bank	40.68	39.80	2.2%	HOLD
I&M bank	33.32	17.70	88.2%	BUY
Stanbic bank	108.85	109.00	-0.1%	HOLD
DTB bank	116.13	46.50	149.7%	BUY
EABL	164.58	132.25	24.4%	BUY
Bamburi Cement	51.96	23.40	122.1%	BUY
BAT Kenya	544.27	425.00	28.1%	BUY

\*banks' fair values have been updated

## Kenya Weekly Commentary

### Kenya Market Summary

#### Equity market commentary and outlook

- During the week, driven by local investors' sell-off, DTB bank touched a 59-day low and Stanbic bank hit a 4-month low. On account of foreign investors' sell-off, Co-op bank traded down to a 33-day low.

#### Debt market commentary and outlook

- Overall subscription rates decreased to 123.4%, down from 180.2% last week. Investors remained biased on 91-Day T-Bill, but remained weak on the 182-Day T-Bill and 364-Day T-Bill for the thirteenth consecutive week. The yield on the 91-Day T-Bill notched up for the twenty-fifth straight week; the yield on the 182-Day T-Bill edged up for the ninth successive week and the yield on the 364-Day T-Bill trended up for the third week in a row.

### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,490.1	-0.1%	-1.9%	-8.3%	-6.5%	-12.6%	-11.1%
Kenya NASI Return	93.2	-0.2%	-3.7%	-18.2%	-13.6%	-27.4%	-26.9%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.5%	-4.3%	-19.9%	-21.9%	-41.2%	-39.8%
Johannesburg Index	-3.6%	-5.5%	-14.6%	-14.1%	5.3%	-13.8%
Nigeria Stock Exchange	-4.8%	-4.8%	0.5%	-25.2%	-17.4%	-25.2%
Ghana Stock Exchange	-0.8%	-3.8%	5.9%	12.5%	52.6%	9.7%
Egyptian Stock Exchange	8.1%	7.6%	23.1%	23.4%	33.0%	18.6%
MSCI EFM ex SA Index	-0.6%	0.2%	-0.8%	1.4%	1.1%	-2.9%

**Other market statistics**

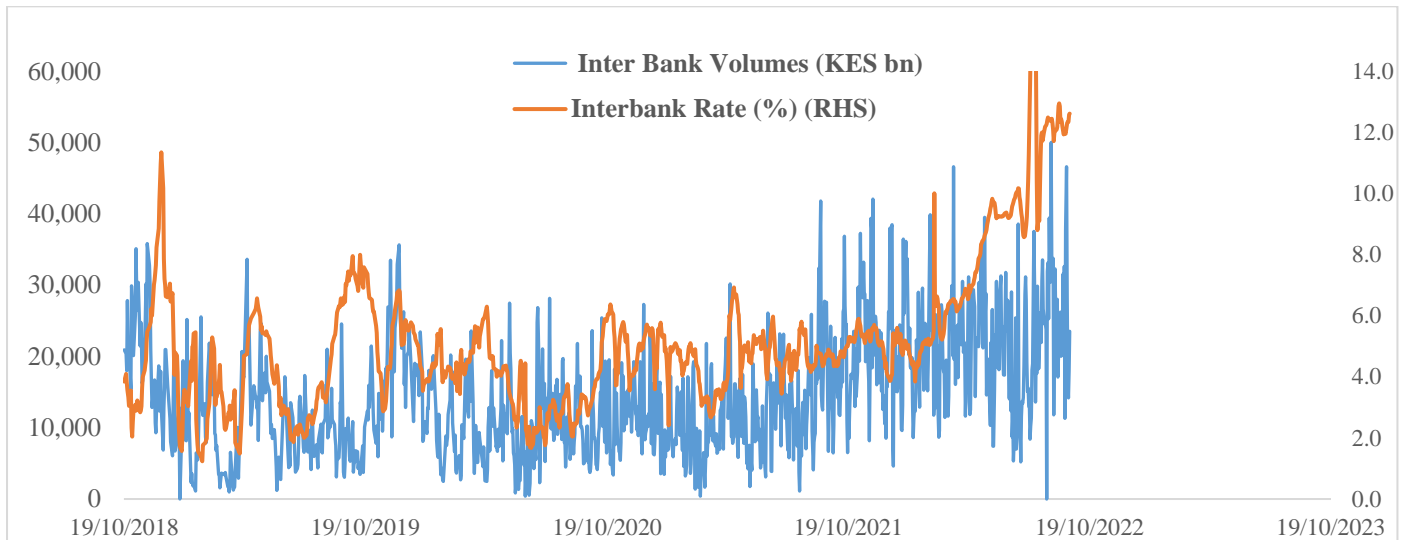
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	150.0	-0.5%	-1.7%	-5.3%	-10.0%	-19.2%	-17.7%
USD/ZAR	19.0	0.0%	-1.3%	-6.7%	-4.7%	-2.9%	-10.4%
USD/EGP	30.9	0.0%	0.0%	0.1%	0.0%	-36.5%	-19.8%
USD/NGN	810.0	-5.1%	-5.2%	-2.7%	-43.0%	-45.6%	-43.1%
USD/GHS	11.9	-0.8%	-3.1%	-3.3%	-1.8%	14.8%	-14.4%

**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	270.1	-99.1	46.2%	-1.1%	-42.9%	-45.9%	6.2%
Equity bank	106.1	13.7	59.4%	2.2%	-16.3%	-21.0%	4.8%
Co-op bank	62.5	-39.4	31.5%	0.0%	-5.7%	-13.1%	4.0%
StanChart bank	36.6	0.1	0.2%	-2.1%	12.1%	-6.4%	18.3%
Stanbic bank	35.2	16.5	25.5%	-5.2%	6.9%	-16.0%	18.5%

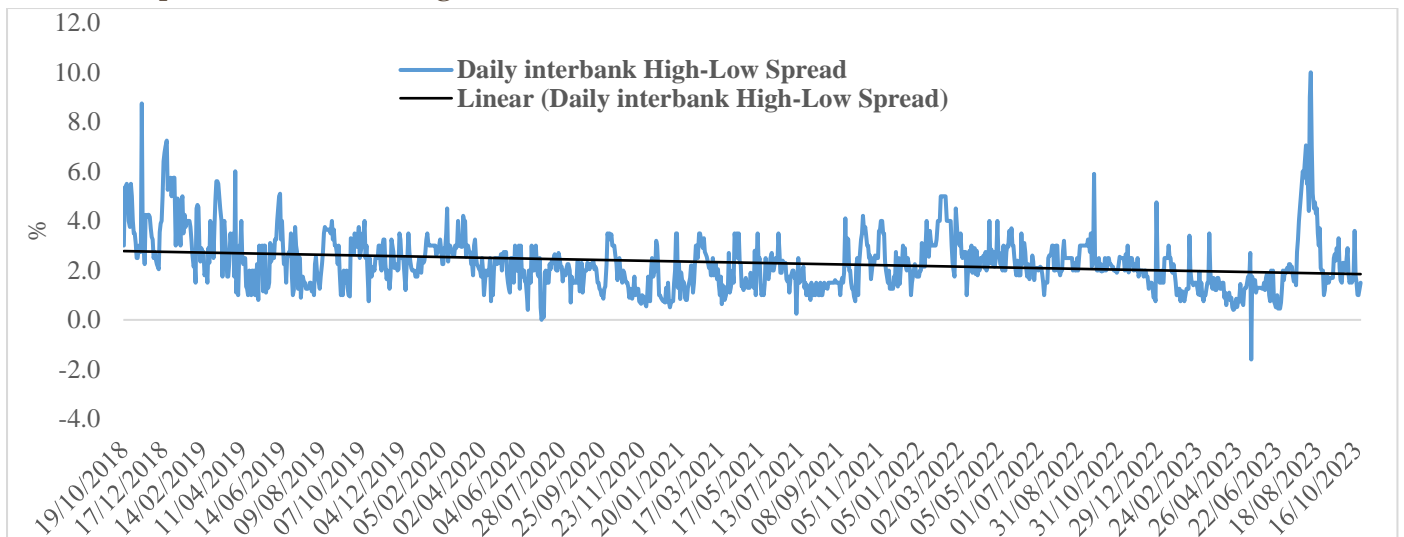
**Key Rates and Spreads**

**Inter-bank rates edge up for the second straight week**



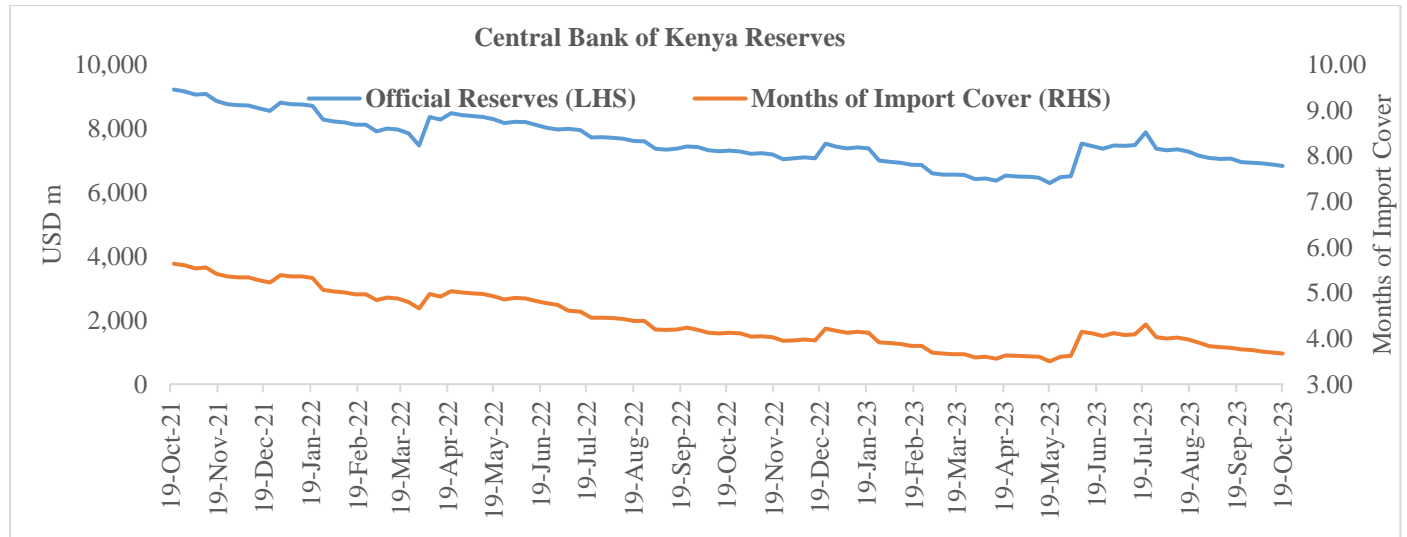
Source: CBK

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



Source: CBK

Months of import cover & CBK FX reserves sustain a 5-weeks declining streak



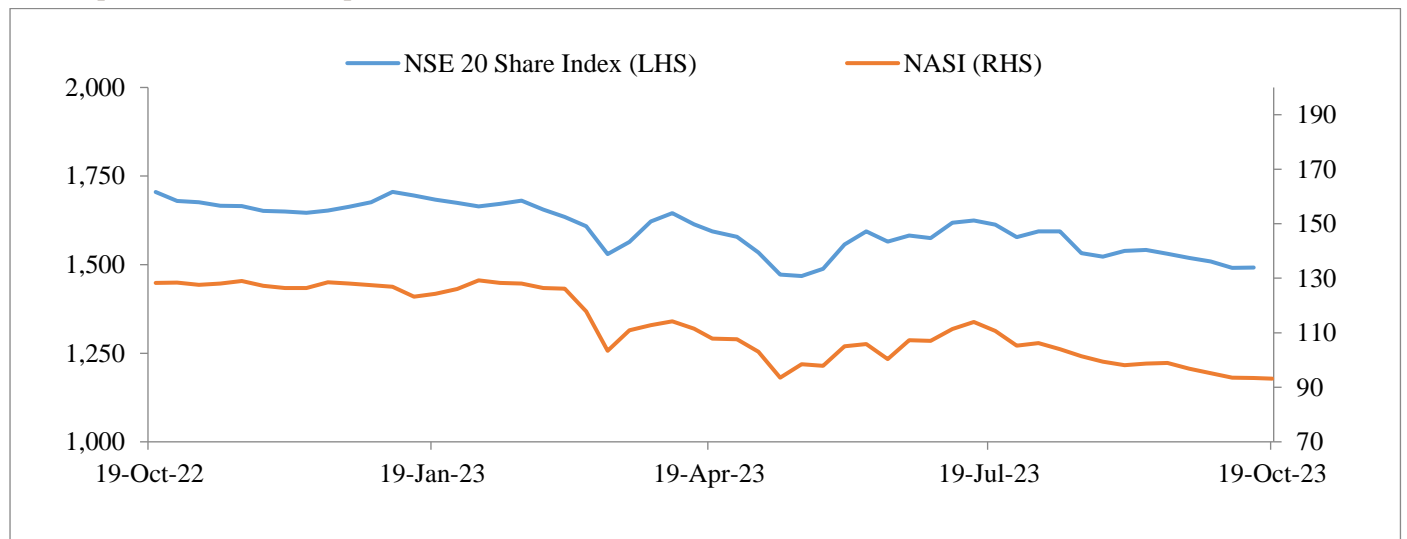
Source: CBK

Equity market trading commentary

Market turnover grew by 27.8% w/w to stand at USD 4.0m (KES 0.6bn). Marking the fifth straight losses, the NASI slid 0.2% w/w to close at 93.17 while the NSE 20 erased 0.1% w/w to settle at t 1,490.10. Foreign investors were net sellers at USD 0.9m (KES 141.4m) – the eighth consecutive week. Local investors continued to dominate trading at 61.2% of total turnover, up from 63.9% the prior week. Safaricom (USD 0.7m, KES 99.1m) and Co-op bank (USD 0.3m, KES 39.4m) posted the highest net foreign outflows while Equity bank registered the highest net foreign inflows – the third straight month.

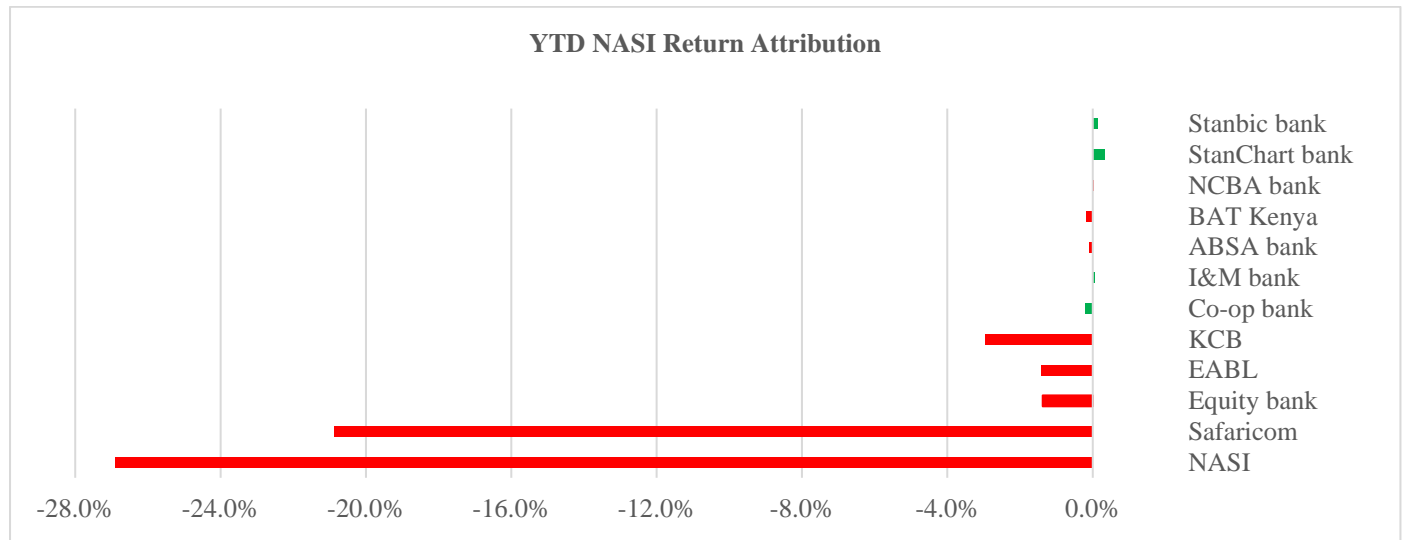
During the week, driven by local investors’ sell-off, DTB bank touched a 59-day low and Stanbic bank hit a 4-month low. On account of foreign investors’ sell-off, Co-op bank traded down to a 33-day low.

Market performance over the past 12 months



Source: NSE

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



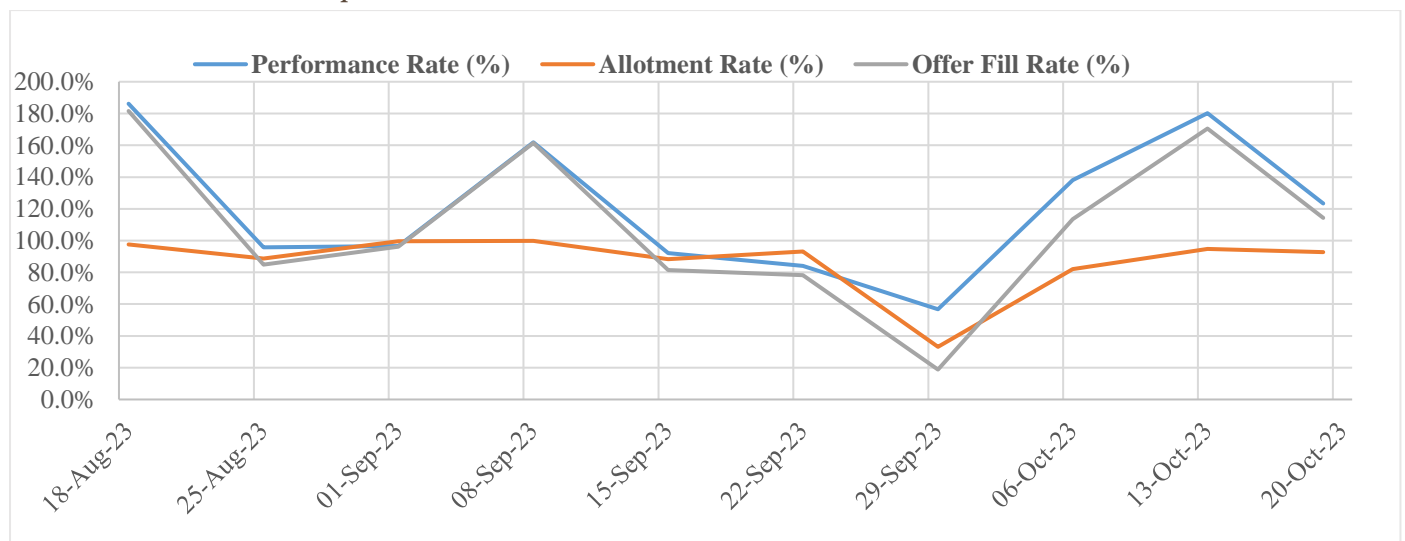
Source: Kestrel Research

**Debt market trading commentary**

Overall subscription rates decreased to 123.4%, down from 180.2% last week. Investors remained biased on 91-Day T-Bill, but remained weak on the 182-Day T-Bill and 364-Day T-Bill for the thirteenth consecutive week. The yield on the 91-Day T-Bill notched up for the twenty-fifth straight week; the yield on the 182-Day T-Bill edged up for the ninth successive week and the yield on the 364-Day T-Bill trended up for the third week in a row.

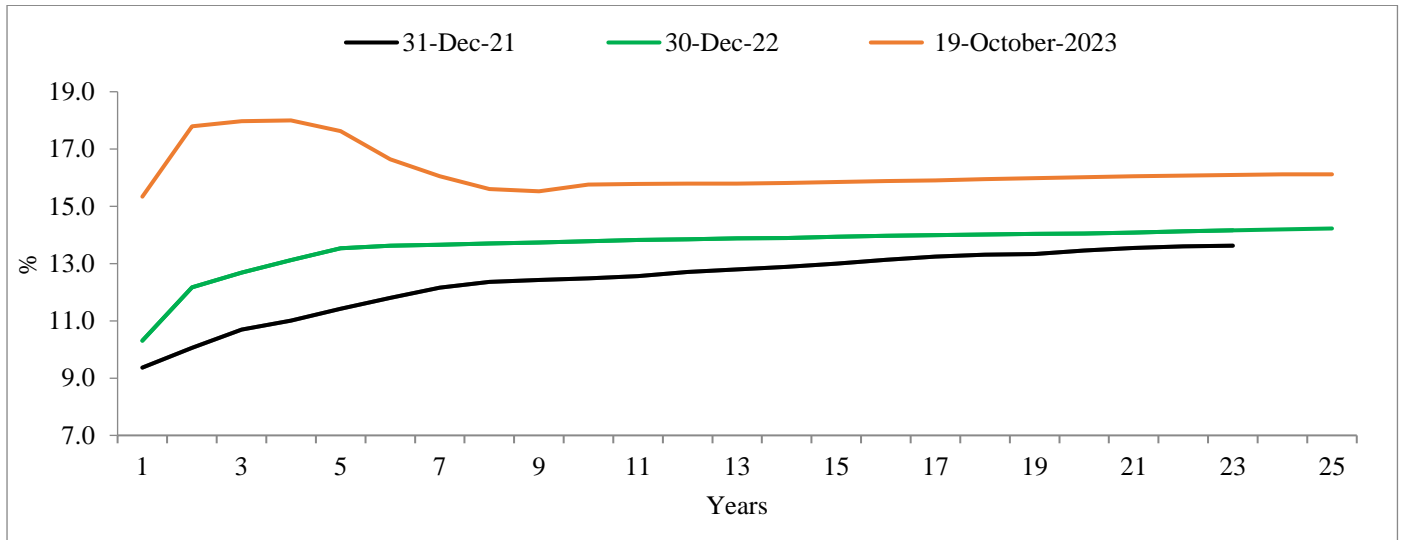
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 23.6bn for the 91-Day T-Bill, implying a subscription rate of 588.90%. It accepted bids worth KES 21.5bn at an average yield of 15.046% (+8.5bps w/w). The 182-Day T-Bill received bids worth KES 3.8bn, implying a performance rate of 37.90%. It accepted bids worth KES 3.8bn at an average yield of 15.076% (+5.3bps w/w). The 364-Day T-Bill received bids worth KES 2.3bn, implying a performance rate of 22.67%. It accepted bids worth KES 2.2bn at an average yield of 15.341% (+0.4bps w/w).

**T-Bills Performance: Overall performance rates decline week-on-week**



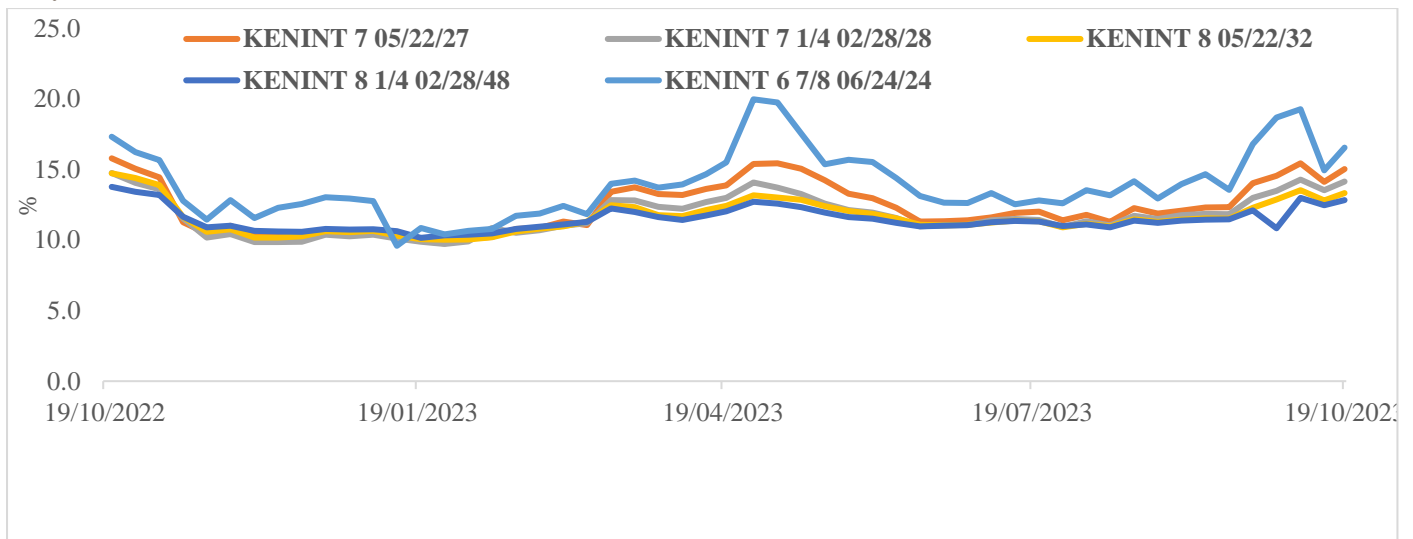
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across tenors rise week-on-week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12-M High	12-M Low	Price	YTD	Market <sup>1</sup>	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading <sup>1</sup>	
Safaricom	Telecom	Mar	25.50	13.00	13.80	-42.9	3,691	37.8%	1.55	1.20	4.7	8.9	8.7	2.9	33.2	860,833	
Equity Bank	Banking	Dec	47.15	35.55	37.25	-16.3	938	9.6%	12.35	3.00	49.3	3.0	8.1	0.8	25.1	247,398	
EA Breweries	Breweries	Jun	187.00	120.25	132.25	-21.0	698	7.1%	12.47	5.50	27.1	10.6	4.2	4.9	46.1	43,787	
Co-op Bank	Banking	Dec	13.35	11.15	11.60	-5.7	454	4.7%	3.87	1.50	18.5	3.0	12.9	0.6	21.0	41,558	
KCB Bank	Banking	Dec	39.55	19.90	19.90	-47.8	427	4.4%	11.42	2.00	65.7	1.7	10.1	0.3	17.4	71,576	
Absa Bank	Banking	Dec	12.95	10.10	11.95	-2.8	433	4.4%	2.96	1.35	12.5	4.0	11.3	1.0	23.7	67,509	
NCBA Bank	Banking	Dec	41.70	30.10	39.80	1.1	438	4.5%	9.32	4.00	50.6	4.3	10.1	0.8	18.4	24,454	
StanChart Bank	Banking	Dec	171.00	135.25	160.00	12.1	404	4.1%	35.25	22.00	159.8	4.5	13.8	1.0	22.1	29,251	
Stanbic Bank	Banking	Dec	129.75	92.00	109.00	6.9	288	2.9%	28.62	13.75	161.8	3.8	12.6	0.7	17.7	21,201	
BAT Kenya	Tobacco	Dec	479.75	401.50	425.00	-7.6	284	2.9%	68.92	57.00	163.8	6.2	13.4	2.6	42.1	51,187	
Bank of Kigali	Banking	Dec	37.00	27.00	35.50	12.7	213	2.2%	7.66	3.28	43.7	4.6	9.3	0.8	17.5	2,409	
I&M Holdings	Banking	Dec	21.00	15.85	17.70	4.1	195	2.0%	5.47	2.25	47.7	3.2	12.7	0.4	11.5	7,947	
Umeme Ltd.	Power	Dec	17.75	6.62	12.80	72.5	139	1.4%	3.03	2.12	20.7	4.2	16.6	0.6	14.7	2,733	
KenGen	Power	Jun	3.40	2.15	2.20	-31.7	97	1.0%	0.70	0.18	42.0	3.1	8.2	0.1	1.7	4,308	
DTB Bank	Banking	Dec	55.25	44.00	46.50	-7.0	87	0.9%	23.17	5.00	259.1	2.0	10.8	0.2	8.9	11,507	
Jubilee Insurance	Insurance	Dec	239.75	148.25	186.00	-6.4	90	0.9%	68.38	14.00	613.8	2.7	7.5	0.3	11.1	9,677	
Britam	Insurance	Dec	6.20	4.05	4.63	-11.0	78	0.8%	0.53	-	9.2	8.7	-	0.5	5.7	95,425	
Bamburi Cement	Cement	Dec	35.00	22.80	23.40	-25.7	57	0.6%	2.15	3.58	82.1	10.9	15.3	0.3	2.6	16,128	
Kakuzi	Agric	Dec	430.00	240.00	406.00	5.5	53	0.5%	43.15	24.00	303.5	9.4	5.9	1.3	14.2	453	
Centum Investment	Finance	Mar	9.50	7.90	8.98	7.4	40	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	8,146	
CIC Insurance	Insurance	Dec	2.21	1.68	2.00	2.6	35	0.4%	0.42	0.13	3.3	4.8	6.5	0.6	12.8	3,715	
Crown Paints	Manufac.	Dec	44.80	32.30	37.00	-11.6	35	0.4%	5.13	4.00	24.1	7.2	10.8	1.5	21.3	237	
Sasini Tea & Coffee	Agric	Sept	31.40	20.00	21.10	-6.0	32	0.3%	3.82	1.00	61.7	5.5	4.7	0.3	6.2	600	
Kenya Re	Insurance	Dec	2.02	1.54	1.77	-3.3	33	0.3%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	6,163	
Carbacid	Gases	July	17.00	11.40	15.35	27.9	26	0.3%	2.98	0.70	13.6	5.2	4.6	1.1	21.9	2,516	
Nation Media	Media	Dec	20.85	14.15	20.00	25.4	25	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	8,959	
Kenya Power	Power	Jun	1.94	1.38	1.52	-2.6	20	0.2%	(0.75)	-	30.2	-	-	0.1	(2.5)	3,156	
TPSEA Serena	Tourism	Dec	16.00	10.85	11.80	-11.6	14	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	901	
Liberty K. Holdings	Insurance	Dec	5.90	3.45	3.80	-32.1	14	0.1%	0.15	-	15.9	24.9	-	0.2	1.0	123	
BOC Kenya	Gases	Dec	90.25	65.00	80.00	13.1	10	0.1%	7.58	5.95	85.1	10.6	7.4	0.9	8.9	347	
Housing Finance	Banking	Dec	5.10	2.86	4.27	33.9	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	7,414	
NSE	Finance	Dec	7.50	5.52	6.26	-7.7	11	0.1%	0.05	0.20	7.1	118.4	3.2	0.9	0.7	507	
Unga Ltd	Food	Jun	32.00	14.00	15.00	-53.1	8	0.1%	2.48	-	58.3	6.1	-	0.3	4.2	45	
												<b>Average</b>	<b>11.8</b>	<b>9.0</b>	<b>1.9</b>	<b>24.8</b>	<b>1,658,678</b>

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