

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	22.55	38.0%	BUY
Equity bank	58.81	46.00	27.8%	BUY
KCB bank	62.39	3840	62.5%	BUY
Co-op bank	18.13	12.40	46.2%	BUY
ABSA bank	12.32	12.30	0.2%	HOLD
StanChart bank	108.61	155.00	-29.9%	SELL
NCBA bank	38.68	38.30	1.0%	HOLD
I&M bank	30.56	17.10	78.7%	BUY
Stanbic bank	89.16	111.75	-20.2%	SELL
DTB bank	122.70	51.25	139.4%	BUY
EABL	164.58	168.50	-2.3%	HOLD
Bamburi Cement	51.96	30.40	70.9%	BUY
BAT Kenya	544.27	451.75	20.5%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom had sustained a 7-day declining streak to touch a 6-year low on the back of foreign investors' sell-off. However, Safaricom recovered on account of local demand before the end of the week. On corporate news, EABL is expected to announce their half year results this Friday, 27th January 2023.

Debt market commentary and outlook

- After declining the prior week, overall subscription rates increased to 122.7%, up from 108.9% registered last week, on account of persistent demand on the 91-Day T-Bill and a pick-up on the 182-Day T-Bill. However, activity remained subdued on the 364-Day T-Bill. For the third consecutive week, yields across all tenors trended upwards.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,683.6	-0.7%	1.2%	-1.0%	0.4%	-11.0%	0.4%
Kenya NASI Return	124.3	0.8%	-3.0%	-4.3%	-9.0%	-24.5%	-2.5%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-17.8%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-23.0%	0.0%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	0.0%	-1.9%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.6%	-4.1%	-5.3%	-39.4%	-31.0%	-3.1%
Johannesburg Index	-1.5%	11.3%	31.8%	0.2%	-6.6%	7.9%
Nigeria Stock Exchange	0.1%	4.0%	13.2%	-7.1%	3.3%	2.6%
Ghana Stock Exchange	-0.6%	-25.4%	17.0%	-32.2%	-54.5%	-15.9%
Egyptian Stock Exchange	2.5%	-12.2%	2.4%	9.7%	-27.7%	-8.7%
MSCI EFM ex SA Index	1.2%	-7.1%	1.1%	-7.6%	-27.6%	-2.9%

Other market statistics

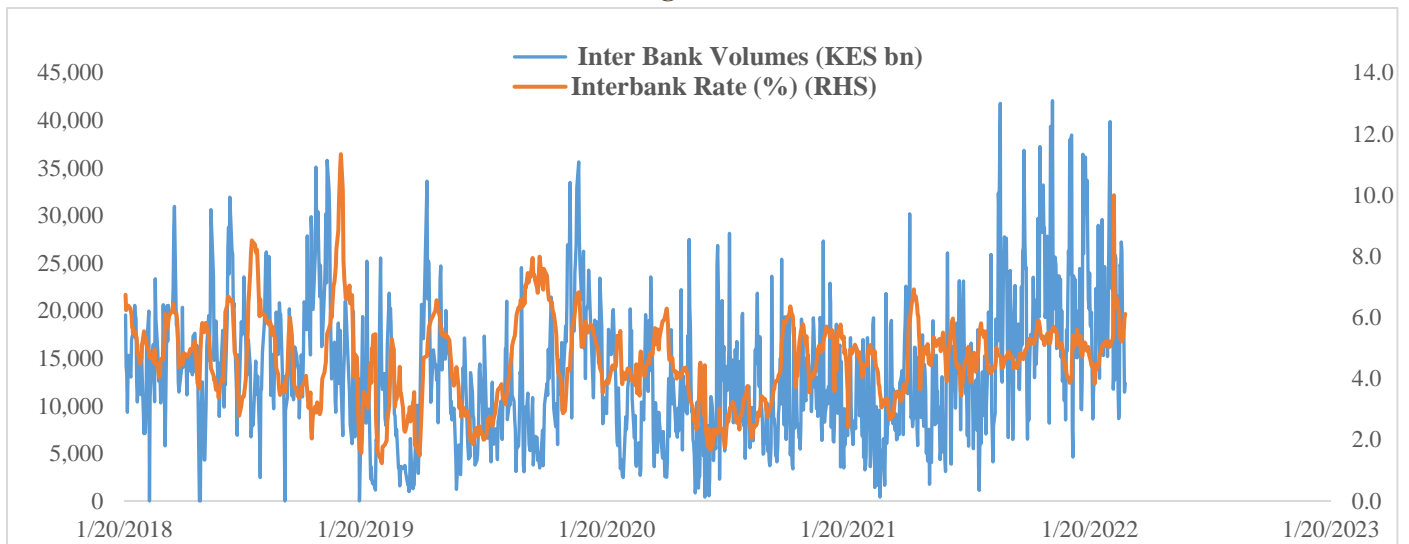
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	124.1	-1.0%	-0.9%	-2.4%	-4.4%	-8.5%	-0.6%
USD/ZAR	17.1	-1.5%	3.2%	7.8%	-1.8%	-11.8%	-0.5%
USD/EGP	29.8	-1.0%	-17.3%	-34.2%	-36.6%	-47.3%	-17.0%
USD/NGN	461.2	0.0%	-2.4%	-4.5%	-8.2%	-9.8%	-0.1%
USD/GHS	11.9	-0.2%	-24.7%	14.1%	-31.8%	-47.7%	-15.0%

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	3,602.6	-2,518.7	62.5%	2.5%	-6.6%	-42.0%	9.5%
Equity bank	310.3	40.8	48.2%	-1.2%	3.4%	-14.0%	17.9%
EABL	111.9	10.6	88.7%	-2.3%	0.6%	-3.3%	53.2%
KCB bank	108.9	-16.7	7.7%	-0.8%	0.8%	-18.3%	9.7%
Co-op bank	43.4	0.3	0.4%	-1.6%	0.8%	-6.8%	15.9%

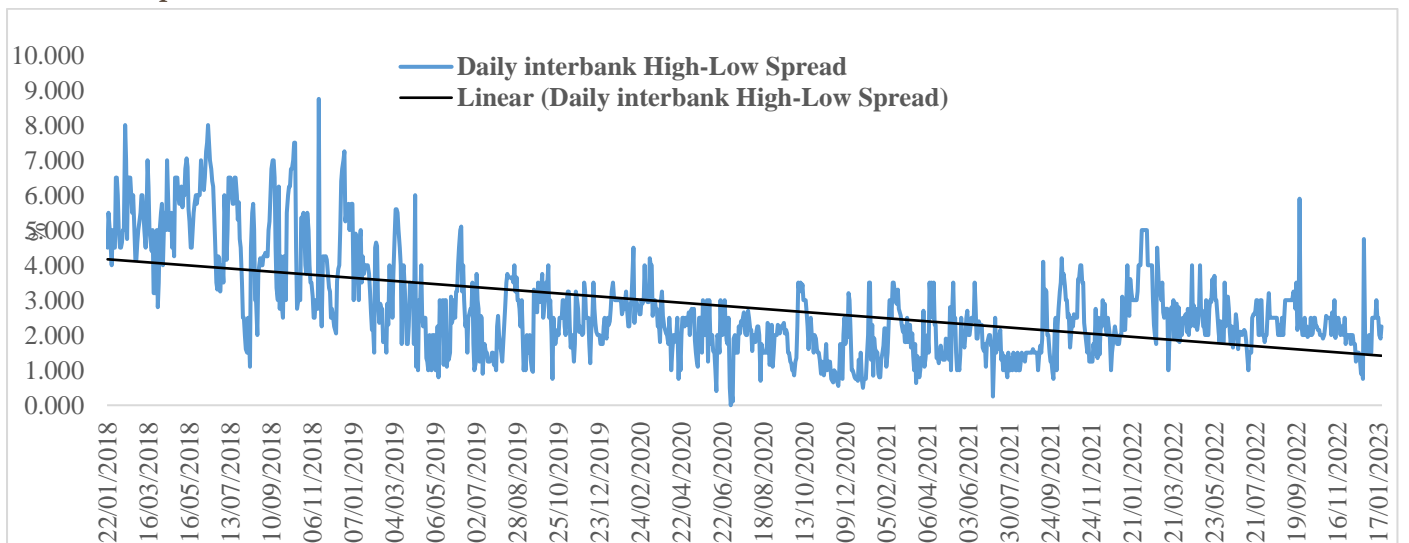
Key Rates and Spreads

Inter-bank rate increase week-on-week after declining in the last three weeks



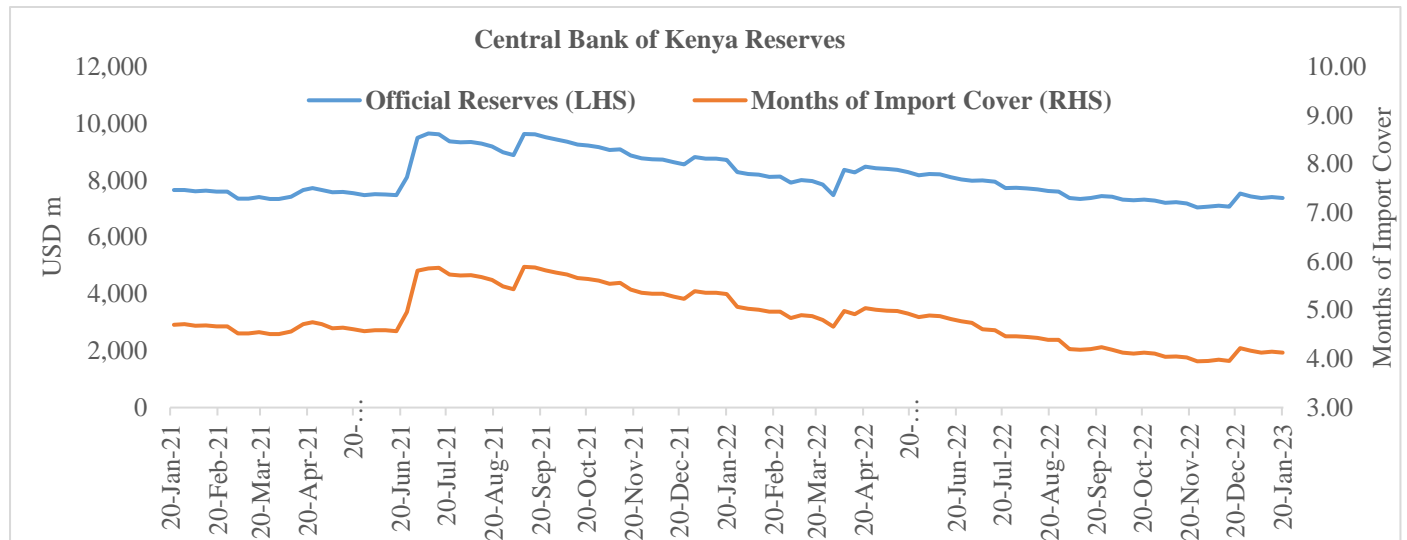
Source: CBK

Inter-bank spreads narrow week-on-week



Source: CBK

Months of import cover and CBK FX reserves decreases week-on-week



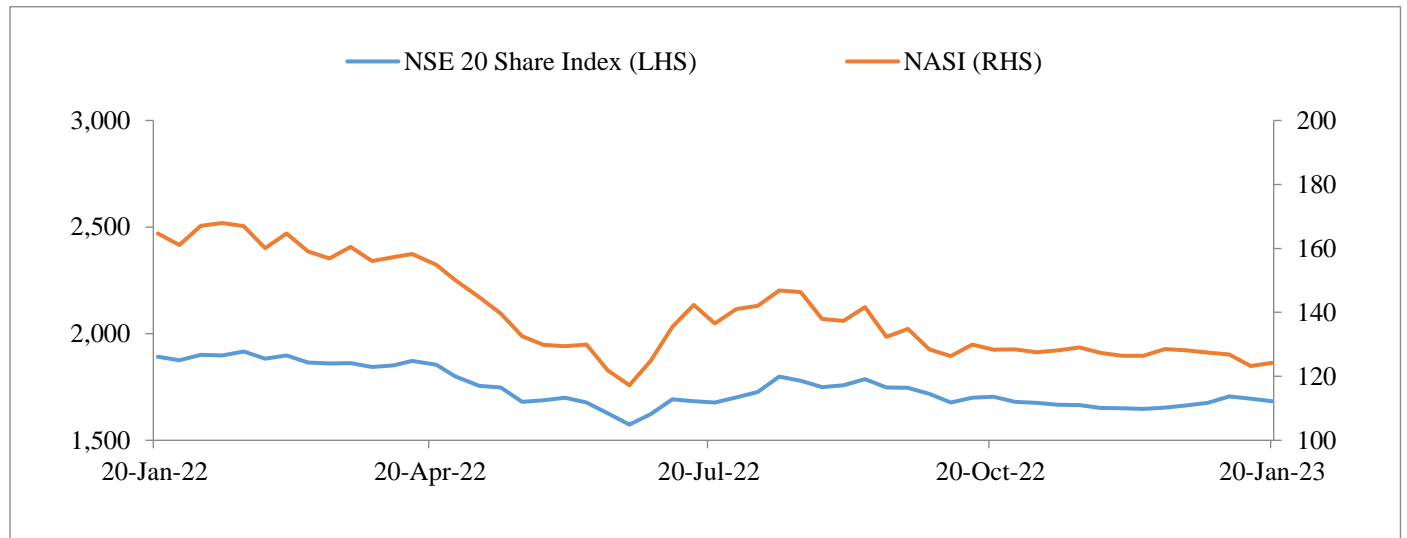
Source: CBK

Equity market trading commentary

Equity turnover surged by 295.3% w/w to stand at USD 36.9m (KES 4.6bn) – the highest weekly turnover since November 2021 – driven by increased trading on Safaricom. Breaking a 4-weeks losing streak, the NASI notched up 0.8% w/w to 124.27 and the NSE 20 shed 0.7% w/w to close at 1,683.55 – the second straight week of losses. For the seventh successive week, foreign investors emerged as overall net sellers at USD 20.1m (KES 2.5bn). Foreign investors led activity at the bourse at 55.0% of total turnover, modestly up from 54.4% recorded last week. Safaricom saw the highest net foreign outflows at USD 20.3m (KES 2.5bn). On the other hand, Equity bank (USD 0.3m, KES 40.8m) and EABL (USD 85.3k, KES 10.6m) posted the highest net foreign inflows.

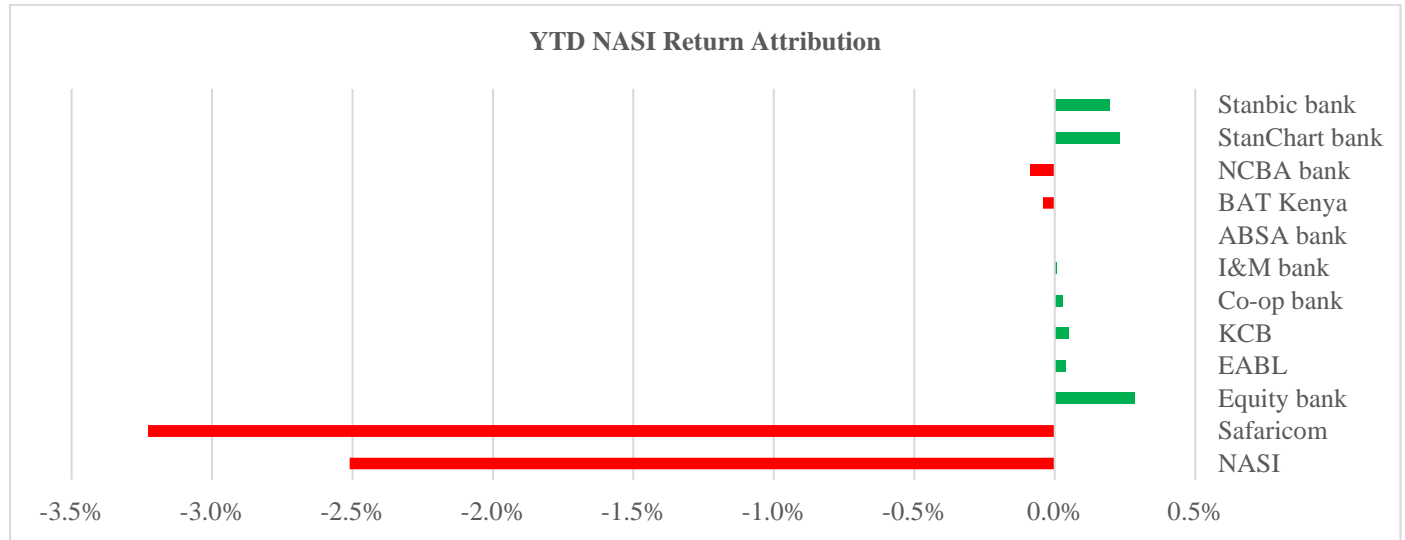
During the week, Safaricom had sustained a 7-day declining streak to touch a 6-year low on the back of foreign investors’ sell-off. However, Safaricom recovered on account of local demand before the end of the week. On corporate news, EABL is expected to announce their half year results this Friday, 27th January 2023.

Market performance over the past 12 months



Source: NSE

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



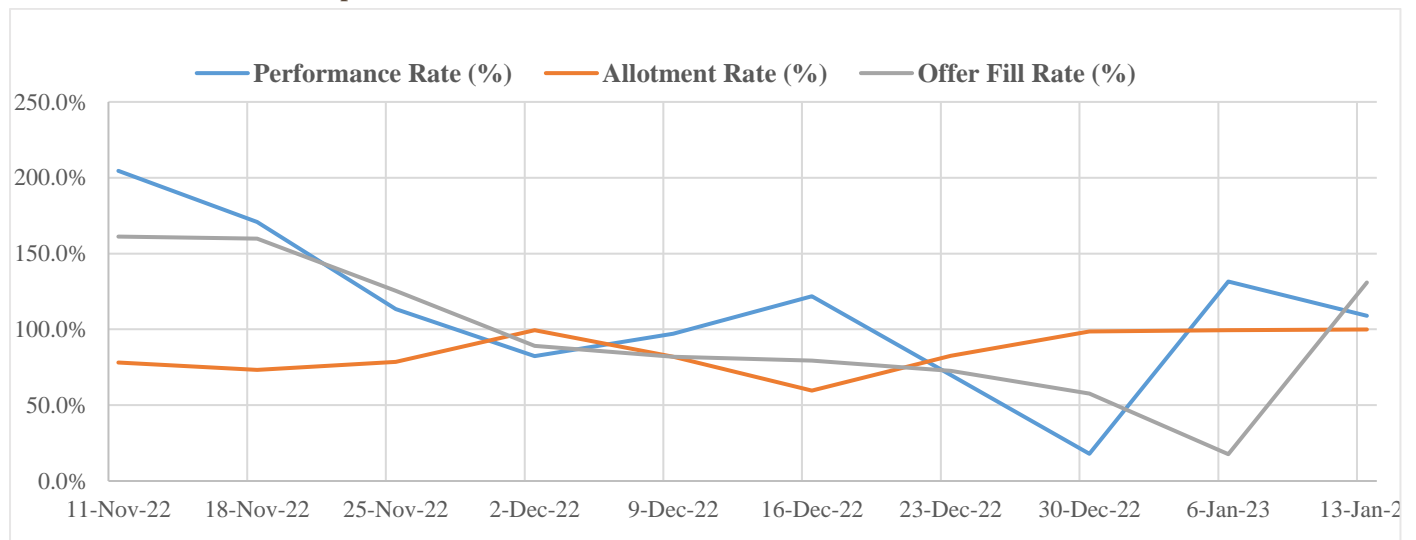
Source: Kestrel Research

Debt market trading commentary

After declining the prior week, overall subscription rates increased to 122.7%, up from 108.9% registered last week, on account of persistent demand on the 91-Day T-Bill and a pick-up on the 182-Day T-Bill. However, activity remained subdued on the 364-Day T-Bill. For the third consecutive week, yields across all tenors trended upwards.

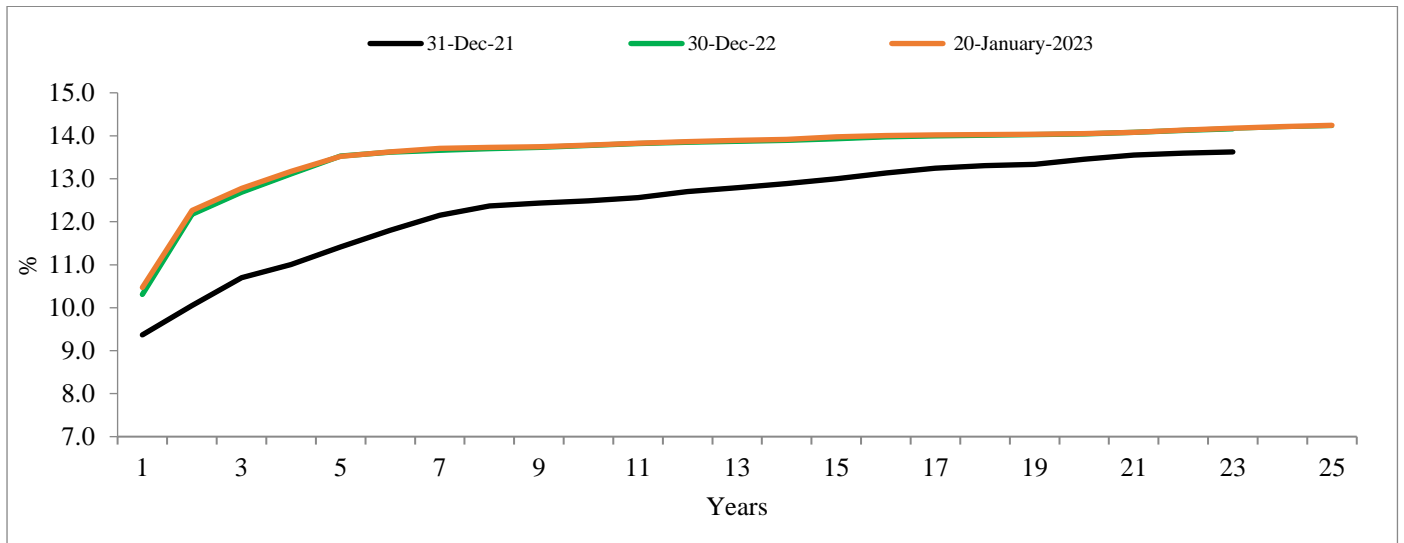
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 14.2bn for the 91-Day T-Bill, implying a subscription rate of 354.29%. It accepted bids worth KES 14.2bn at an average yield of 9.474% (+4.9bps w/w). The 182-Day T-Bill received bids worth KES 13.1bn, implying a performance rate of 130.96%. It accepted bids worth KES 13.1bn at an average yield of 9.891% (+3.2bps w/w). The 364-Day T-Bill received bids worth KES 2.2bn, implying a performance rate of 21.89%. It accepted bids worth KES 2.1bn at an average yield of 10.470% (+3.8bps w/w).

T-Bills Performance: Overall performance increase week-on-week



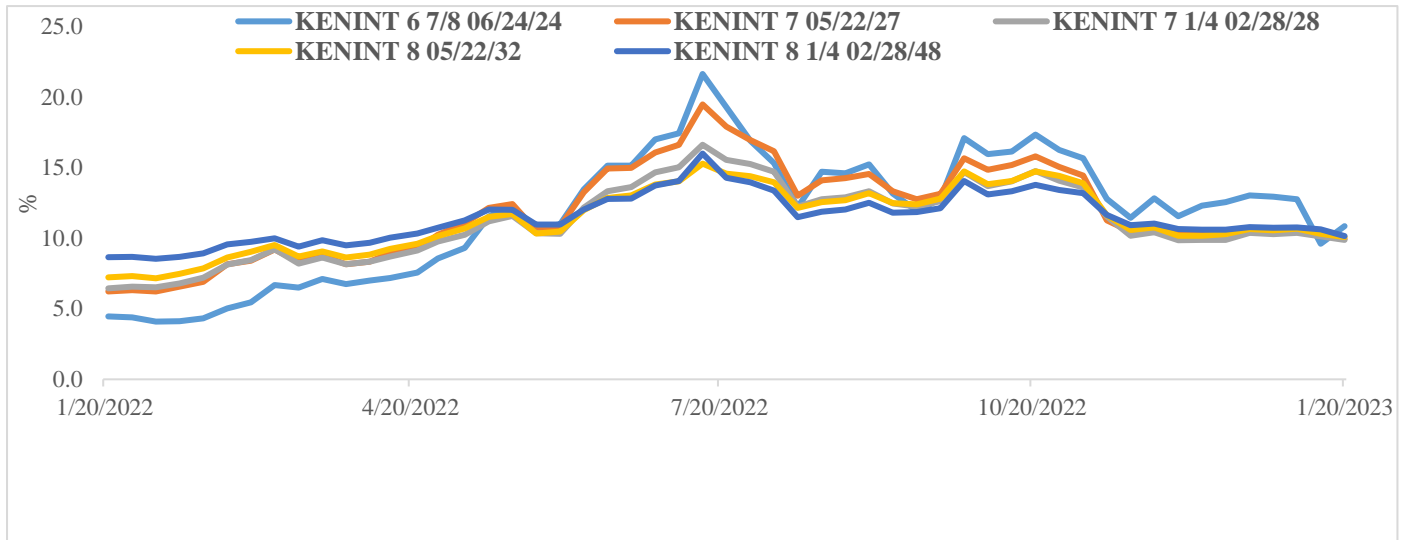
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors fall for the second straight week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market ¹	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
Safaricom	Telecom	Mar	38.90	20.60	22.55	-6.6	7,281	46.4%	1.74	1.39	3.5	13.0	6.2	6.5	49.9	1,599,783
Equity Bank	Banking	Dec	53.50	39.00	46.00	3.4	1,399	8.9%	12.24	3.00	40.8	3.8	6.5	1.1	30.0	564,720
EA Breweries	Breweries	Jun	174.25	110.00	168.50	0.6	1,074	6.8%	15.00	11.00	20.5	11.2	6.5	8.2	73.2	219,775
KCB Bank	Banking	Dec	47.00	35.00	38.40	0.8	994	6.3%	12.25	3.00	58.4	3.1	7.8	0.7	21.0	225,280
Co-op Bank	Banking	Dec	13.30	10.70	12.40	0.8	586	3.7%	3.75	1.00	17.2	3.3	8.1	0.7	21.8	41,957
Absa Bank	Banking	Dec	12.70	9.70	12.30	0.0	538	3.4%	2.15	1.10	10.9	5.7	8.9	1.1	19.7	49,521
NCBA Bank	Banking	Dec	40.00	23.00	38.30	-2.7	508	3.2%	10.02	4.25	49.1	3.8	11.1	0.8	20.4	21,650
StanChart Bank	Banking	Dec	159.00	123.75	155.00	8.6	472	3.0%	30.18	13.00	146.8	5.1	8.4	1.1	20.6	31,121
BAT Kenya	Tobacco	Dec	509.00	404.00	451.75	-1.8	364	2.3%	67.10	55.00	129.1	6.7	12.2	3.5	52.0	122,570
Stanbic Bank	Banking	Dec	112.00	87.00	111.75	9.6	356	2.3%	22.99	7.30	127.4	4.9	6.5	0.9	18.0	11,482
I&M Holdings	Banking	Dec	21.50	16.50	17.10	0.6	228	1.5%	5.74	1.50	41.4	3.0	8.8	0.4	13.9	4,776
Bank of Kigali	Banking	Dec	32.75	27.00	31.00	-1.6	224	1.4%	7.95	3.28	41.8	3.9	10.6	0.7	19.0	703
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	175	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.18	3.11	3.18	-1.2	169	1.1%	0.16	0.18	32.4	20.0	5.7	0.1	0.5	6,857
Total Oil	Oil	Dec	25.85	21.75	23.50	-1.5	119	0.8%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	512
DTB Bank	Banking	Dec	60.00	46.00	51.25	2.5	115	0.7%	17.27	3.00	250.7	3.0	5.9	0.2	6.9	29,533
Jubilee Insurance	Insurance	Dec	310.00	187.75	196.25	-1.3	115	0.7%	94.22	14.00	544.4	2.1	7.1	0.4	17.3	4,782
Umeme Ltd.	Power	Dec	8.50	5.50	8.50	14.6	111	0.7%	2.74	1.73	17.6	3.1	20.4	0.5	15.6	1,332
Britam	Insurance	Dec	7.40	4.97	5.36	3.1	109	0.7%	0.03	-	7.5	187.5	-	0.7	0.4	2,326
Bamburi Cement	Cement	Dec	39.00	29.05	30.40	-3.5	89	0.6%	2.15	3.58	0.1	14.1	11.8	370.3	2,618.6	1,626
Kakuzi	Agric	Dec	441.25	367.50	418.25	8.6	66	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	405
Centum Investment	Finance	Mar	14.50	7.90	8.36	0.0	45	0.3%	(2.01)	0.59	65.1	-	7.0	0.1	(3.1)	3,926
Crown Paints	Manufac.	Dec	44.00	32.50	38.00	-9.2	44	0.3%	5.13	4.00	24.1	7.4	10.5	1.6	21.3	235
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	43	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.32	1.74	1.80	-1.6	41	0.3%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	1,938
CIC Insurance	Insurance	Dec	2.29	1.72	1.91	-2.1	40	0.3%	0.30	-	3.0	6.4	-	0.6	9.9	1,485
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	21.45	-4.5	39	0.3%	5.11	1.00	56.5	4.2	4.7	0.4	9.1	1,027
Carbacid	Gases	July	14.15	10.35	12.30	2.5	25	0.2%	2.22	0.70	13.5	5.5	5.7	0.9	16.4	13,000
Nation Media	Media	Dec	23.20	15.15	16.20	1.6	25	0.2%	2.59	1.49	42.1	6.3	9.2	0.4	6.2	824
Kenya Power	Power	Jun	2.08	1.31	1.52	-2.6	24	0.2%	1.80	-	30.8	0.8	-	0.0	5.8	11,286
Liberty K. Holdings	Insurance	Dec	7.48	4.28	4.83	-13.8	21	0.1%	0.15	-	15.9	31.6	-	0.3	1.0	106
Unga Ltd	Food	Jun	36.25	27.00	31.00	-3.1	19	0.1%	2.48	-	58.3	12.5	-	0.5	4.2	58
TPSEA Serena	Tourism	Dec	17.50	10.85	12.00	-10.1	18	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	333
Car & Gen	Motors	Sept	76.00	30.00	45.00	-5.2	15	0.1%	26.33	3.20	135.8	1.7	7.1	0.3	19.4	926
NSE	Finance	Dec	8.40	6.60	6.76	-0.3	14	0.1%	0.51	1.40	8.0	13.2	20.7	0.8	6.4	1,090
WPP Scangroup	Media	Dec	4.41	2.84	3.00	-0.3	10	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	621
BOC Kenya	Gases	Dec	93.25	65.00	65.50	-7.4	10	0.1%	4.78	6.70	84.3	13.7	10.2	0.8	5.7	298
Housing Finance	Banking	Dec	3.84	2.86	3.13	-1.9	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	769
Sanlam Kenya	Insurance	Dec	15.00	7.94	8.34	-12.9	10	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	106
Limuru Tea	Agric	Dec	510.00	320.00	420.00	0.0	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	988
Longhorn	Publishing	Jun	4.39	2.74	3.10	3.3	7	0.0%	0.62	-	2.8	5.0	-	1.1	22.2	260
Standard Newspapers	Media	Dec	16.15	8.74	9.96	-4.7	7	0.0%	(0.90)	-	10.5	-	-	0.9	(8.5)	45
EA Portland	Cement	Jun	8.80	6.30	6.94	2.1	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	32
TransCentury	Finance	Dec	1.34	0.79	1.23	32.3	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,302
Safaricom	Telecom	Mar	38.90	20.60	22.55	-6.6	7,281	46.4%	1.74	1.39	3.5	13.0	6.2	6.5	49.9	1,599,783
											Average	17.1	6.9	6.1	52.3	2,987,152

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