

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	16.50	88.5%	BUY
Equity bank	58.81	45.80	28.4%	BUY
KCB bank	62.39	32.85	89.9%	BUY
Co-op bank	18.13	13.30	36.3%	BUY
ABSA bank	12.32	12.15	1.4%	HOLD
StanChart bank	108.61	149.00	-27.1%	SELL
NCBA bank	38.68	39.50	-2.1%	HOLD
I&M bank	30.56	17.30	76.6%	BUY
Stanbic bank	89.16	116.00	-23.1%	SELL
DTB bank	122.70	54.75	224.1%	BUY
EABL	164.58	158.75	3.7%	HOLD
Bamburi Cement	51.96	24.05	216.1%	BUY
BAT Kenya	544.27	470.00	15.8%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, KCB bank marked a 26-day low on account of foreign sell-offs. Bamburi Cement touched a 12-month low driven by local investors' sell-off.

Debt market commentary and outlook

- Overall subscription rates decreased to 37.5%, down from 146.5% the prior week as subdued demand was seen across all tenors – touched a 5-weeks low. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor edged up for the seventeenth successive week and the yield on the 182-Day T-Bill was up for the third successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,578.9	-1.0%	-2.7%	-6.2%	-6.0%	-12.3%	-5.8%
Kenya NASI Return	107.6	-0.2%	-4.5%	-13.4%	-16.2%	-28.3%	-15.6%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-9.1%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-14.4%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.7%	-6.9%	-21.9%	-25.2%	-38.9%	-23.4%
Johannesburg Index	-0.7%	-0.3%	-9.1%	16.3%	-4.5%	-0.2%
Nigeria Stock Exchange	2.0%	-4.6%	-0.5%	14.4%	-2.8%	2.1%
Ghana Stock Exchange	-1.2%	-2.2%	17.6%	32.3%	-35.1%	-3.7%
Egyptian Stock Exchange	1.6%	8.4%	2.5%	20.4%	-3.4%	-2.3%
MSCI EFM ex SA Index	0.2%	-0.2%	-2.8%	0.6%	-19.0%	-4.0%

Other market statistics

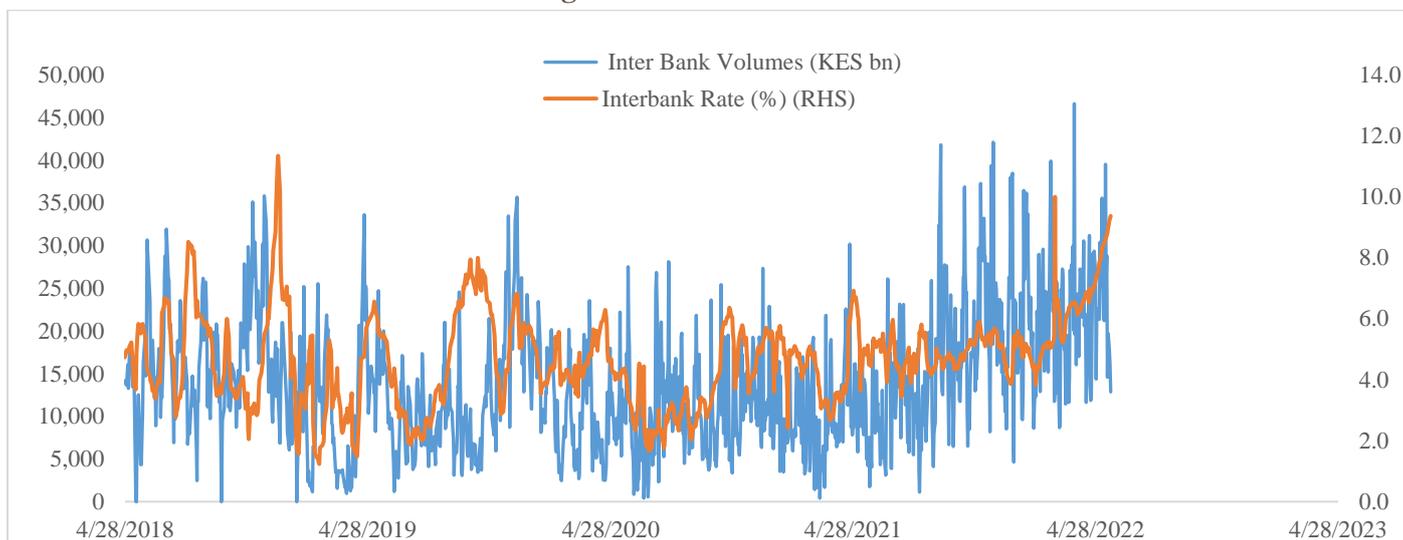
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	135.9	-0.7%	-2.5%	-8.5%	-10.7%	-14.8%	-9.2%
USD/ZAR	18.3	-1.0%	-2.7%	-6.0%	-1.2%	-12.8%	-6.8%
USD/EGP	30.9	0.0%	-0.3%	-3.3%	-25.3%	-40.1%	-19.9%
USD/NGN	461.6	0.0%	-0.2%	0.0%	-4.2%	-9.2%	-0.2%
USD/GHS	11.8	-1.1%	-1.8%	4.8%	18.9%	-36.0%	-13.7%

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	436.8	-265.2	50.2%	0.0%	-31.7%	-50.6%	2.1%
NCBA bank	215.2	-0.1	0.1%	1.3%	0.4%	0.0%	73.3%
Equity bank	111.5	85/9	38.7%	1.4%	2.9%	-13.8%	21.1%
BAT Kenya	77.9	0.0	90.6%	0.1%	2.2%	-4.1%	13.9%
KCB bank	42.9	6.8	26.1%	-0.3%	-13.8%	-21.6%	13.7%

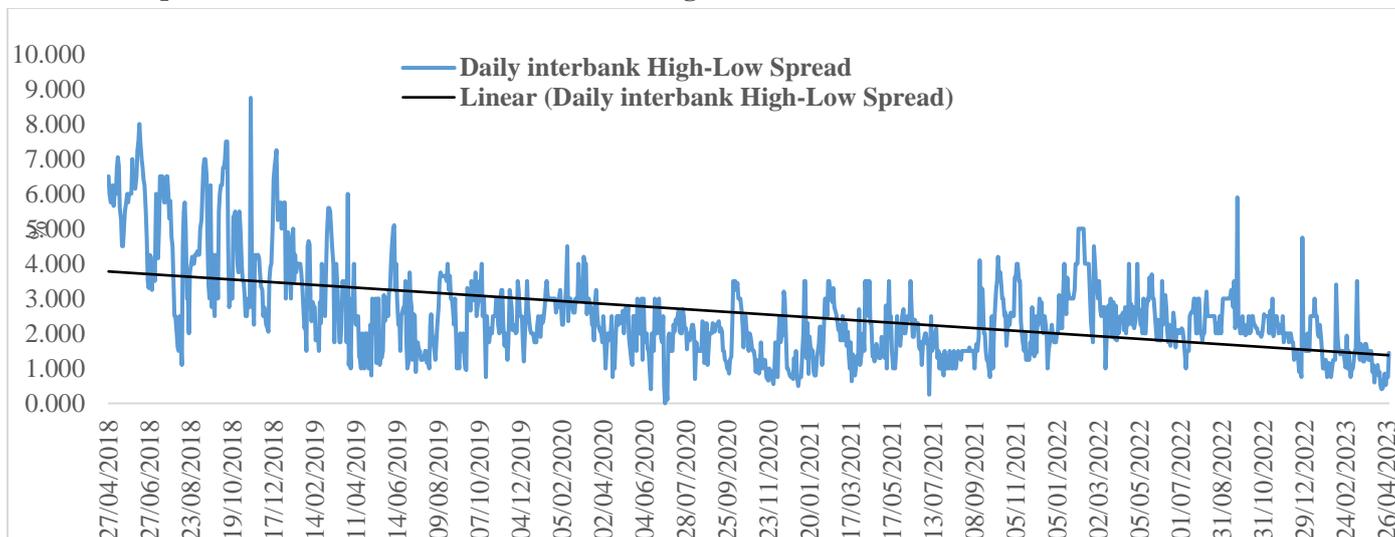
Key Rates and Spreads

Inter-bank rates sustain a 7-week's increasing streak



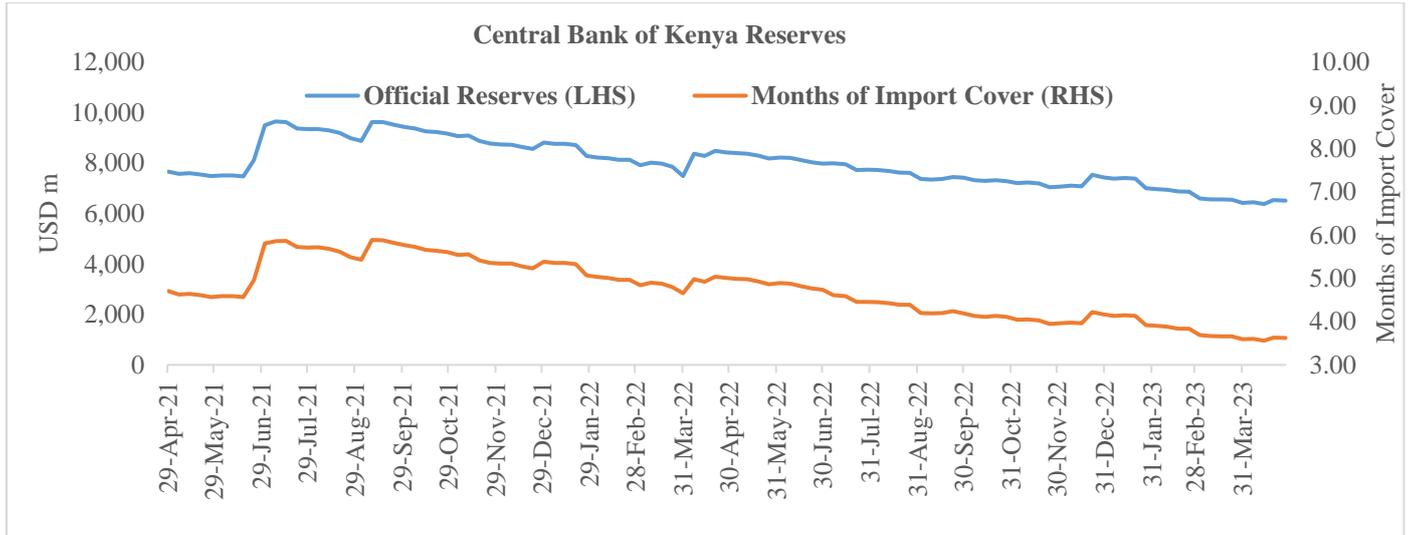
Source: CBK

Inter-bank spreads widen after four weeks of narrowing



Source: CBK

CBK FX reserve & import cover decline week-on-week



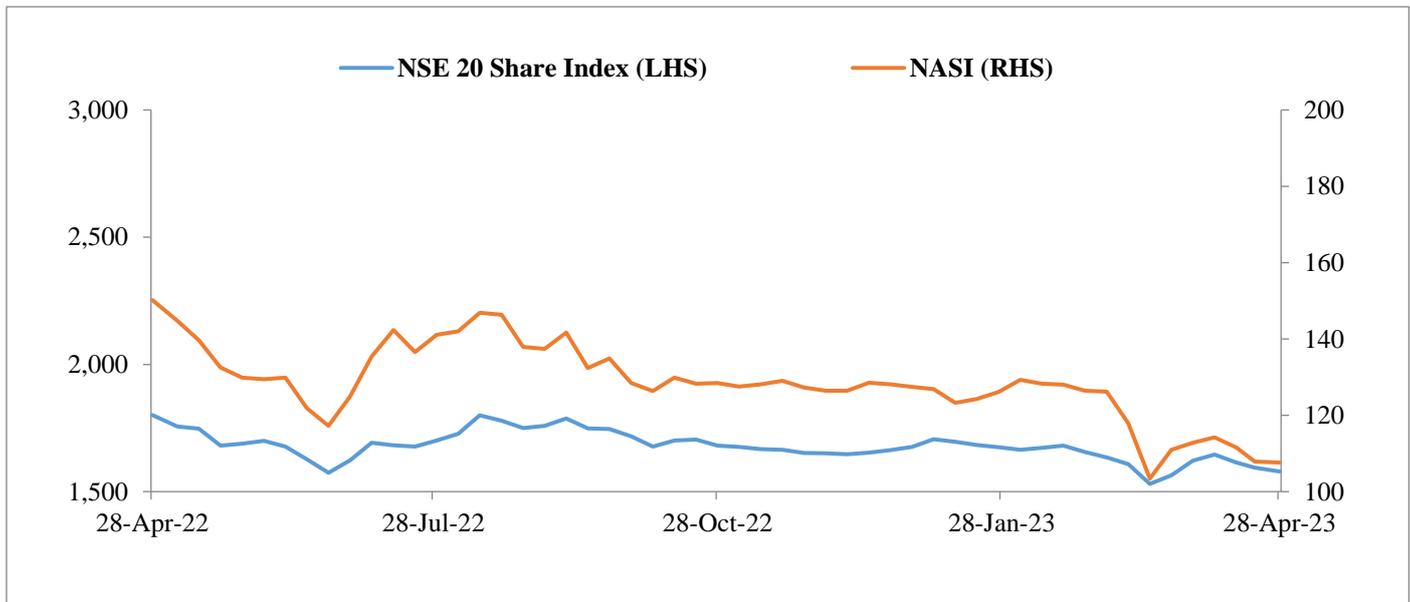
Source: CBK

Equity market trading commentary

Equity turnover increased 63.1% w/w to end at USD 7.6m (KES 1.0bn). For the third consecutive, the NASI came off 0.2% w/w to finish at 107.63 and the NSE 20 sl.2% w/w to finish at 1,594.06 – a 5-week’s low. Foreign investors were net sellers at USD 1.3m (KES 174.1m). Local investors drove trading activity at the bourse at 64.5% of total turnover, up from 62.8% the prior week. Safaricom posted the highest net foreign outflows at USD 2.0m (KES 265.2m). On the other hand, Equity bank saw the largest net foreign inflows at USD 0.6m (KES 85.0m).

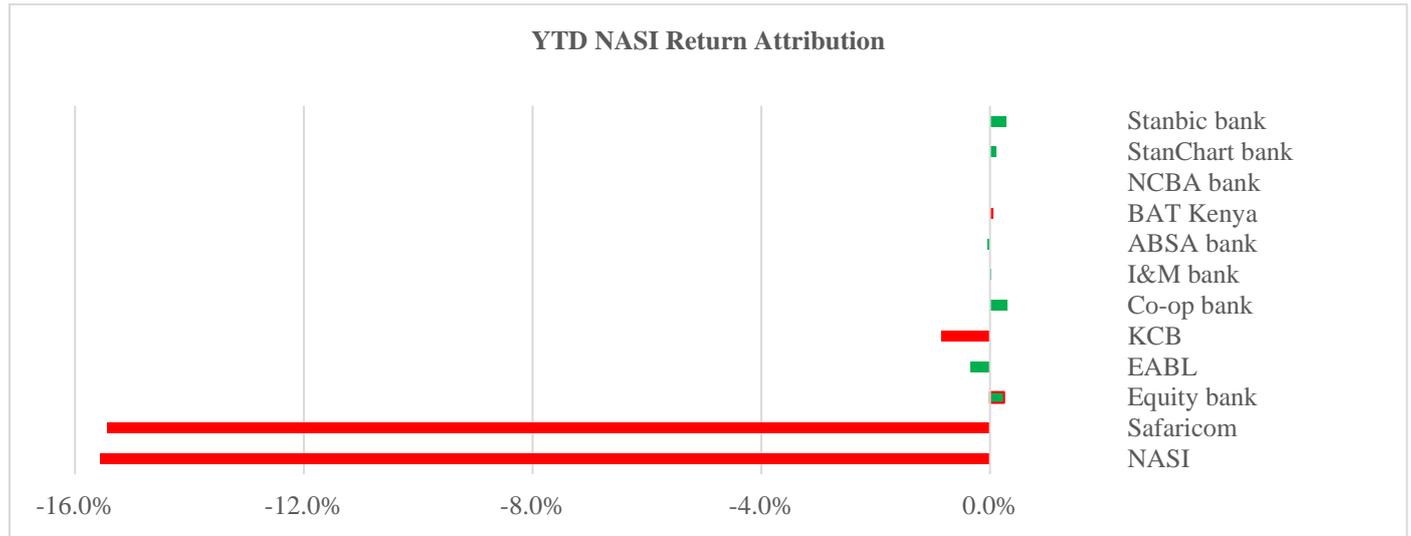
During the week, KCB bank marked a 26-day low on account of foreign sell-offs. Bamburi Cement touched a 12-month low driven by local investors’ sell-off.

Market performance over the past 12 months



Source: NSE

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



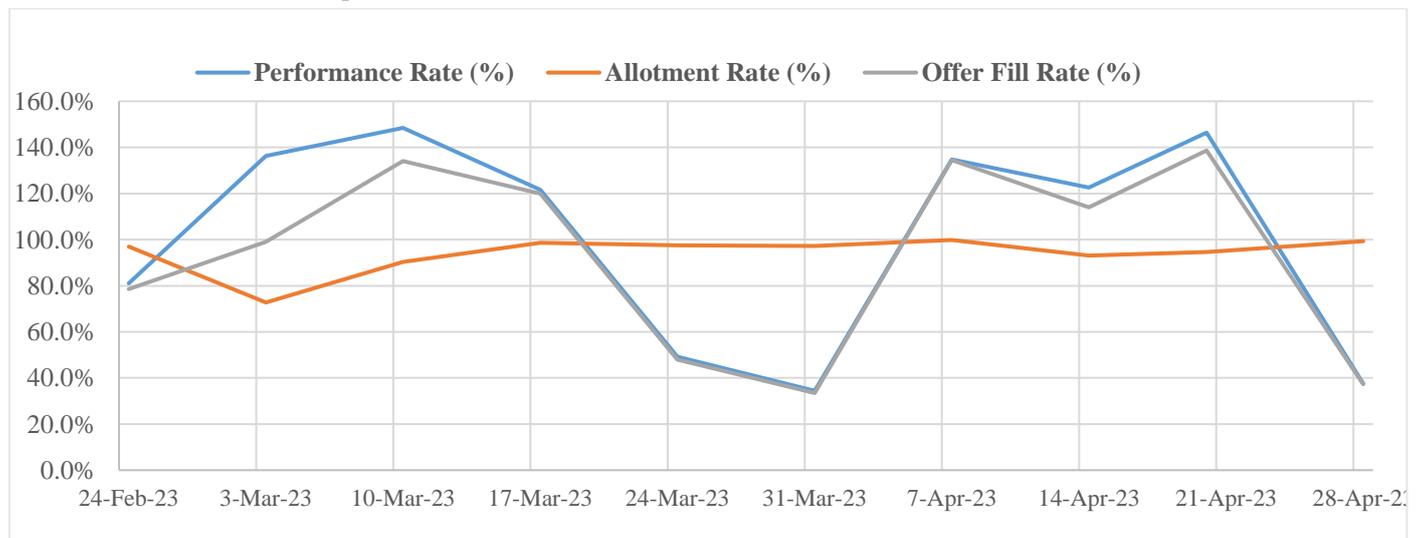
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates decreased to 37.5%, down from 146.5% the prior week as subdued demand was seen across all tenors – touched a 5-weeks low. Yields across the 91-Day T-Bill and 364-Day T-Bill tenor edged up for the seventeenth successive week and the yield on the 182-Day T-Bill was up for the third successive week.

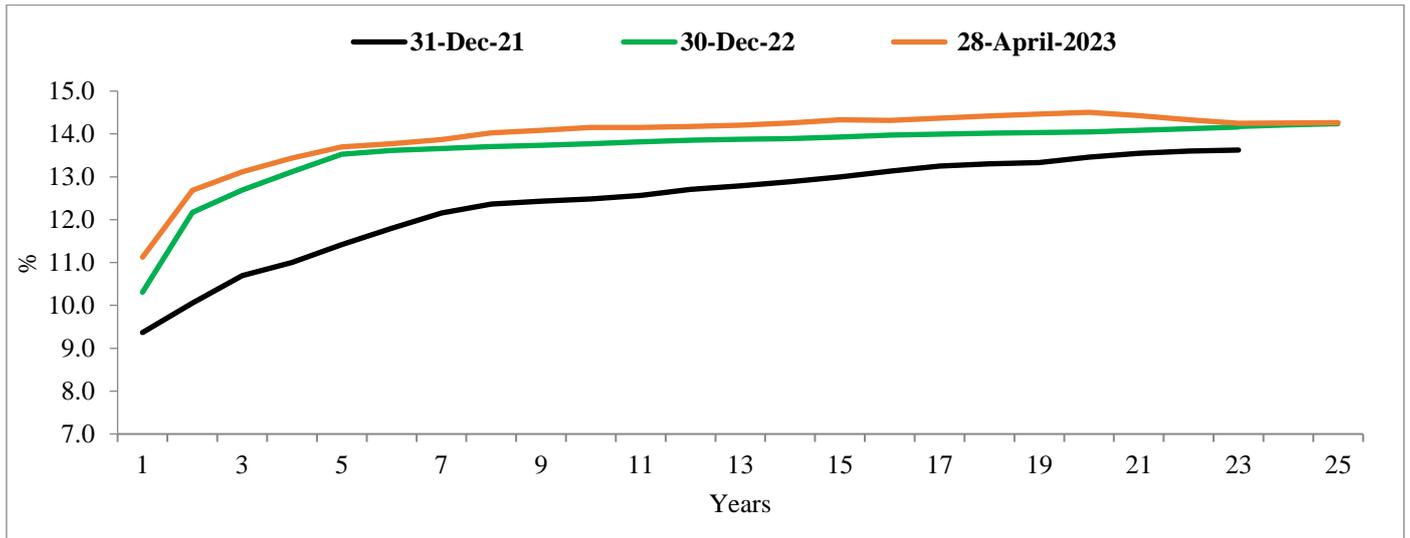
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 6.7bn for the 91-Day T-Bill, implying a subscription rate of 167.18%. It accepted bids worth KES 6.6bn at an average yield of 10.275% (+11.6bps w/w). The 182-Day T-Bill received bids worth KES 0.9bn, implying a performance rate of 8.72%. It accepted bids worth KES 0.9bn at an average yield of 10.511% (+3.4bps w/w). The 364-Day T-Bill received bids worth KES 1.4bn, implying a performance rate of 14.44%. It accepted bids worth KES 1.4bn at an average yield of 11.124% (+6.5bps w/w).

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



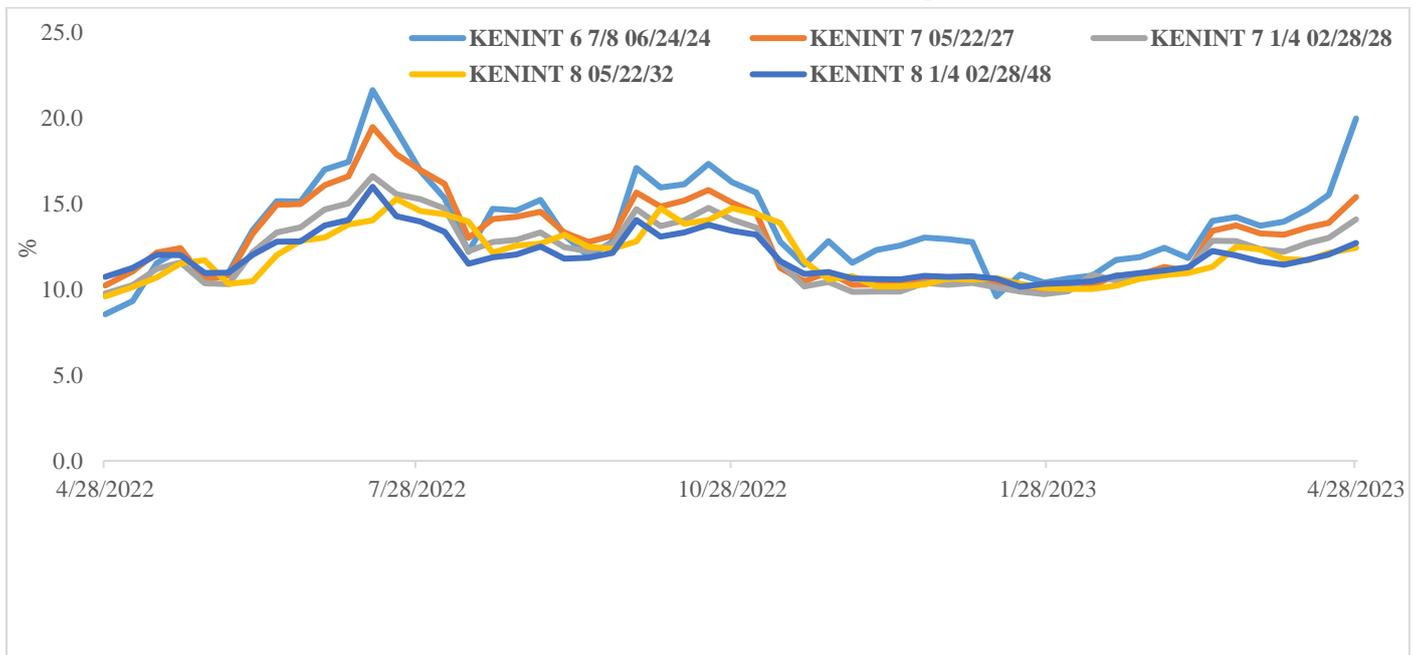
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors notch upwards for the third 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	33.80	16.35	16.50	-31.7	4,864	39.3%	1.74	1.33	3.5	9.5	8.1	4.7	49.9	1,156,644
Equity Bank	Banking	Dec	53.25	37.90	45.80	2.9	1,272	10.3%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	319,886
EA Breweries	Breweries	Jun	187.00	110.00	158.75	-5.2	924	7.5%	15.00	11.00	20.5	10.6	6.9	7.7	73.2	2,304,876
KCB Bank	Banking	Dec	43.50	30.00	32.85	-13.8	777	6.3%	12.64	2.00	62.3	2.6	6.1	0.5	20.3	194,616
Co-op Bank	Banking	Dec	13.35	10.70	13.30	8.1	574	4.6%	3.76	1.50	18.4	3.5	11.3	0.7	20.5	55,156
Absa Bank	Banking	Dec	12.95	9.70	12.15	-1.2	486	3.9%	2.69	1.35	11.7	4.5	11.1	1.0	22.9	42,798
NCBA Bank	Banking	Dec	40.90	23.60	39.50	0.4	479	3.9%	10.02	4.25	49.1	3.9	10.8	0.8	20.4	43,539
StanChart Bank	Banking	Dec	171.00	123.75	149.00	4.4	414	3.3%	31.91	22.00	148.6	4.7	14.8	1.0	21.5	67,162
BAT Kenya	Tobacco	Dec	479.75	404.00	470.00	2.2	346	2.8%	68.92	57.00	163.8	6.8	12.1	2.9	42.1	114,508
Stanbic Bank	Banking	Dec	116.75	90.00	116.00	13.7	337	2.7%	22.92	12.60	157.3	5.1	10.9	0.7	14.6	24,374
Bank of Kigali	Banking	Dec	34.50	27.00	34.50	9.5	228	1.8%	7.95	3.28	41.8	4.3	9.5	0.8	19.0	604
I&M Holdings	Banking	Dec	21.00	16.50	17.30	1.8	210	1.7%	5.74	1.50	41.4	3.0	8.7	0.4	13.9	17,441
Umeme Ltd.	Power	Dec	15.05	6.58	14.15	90.7	169	1.4%	3.03	2.12	20.7	4.7	15.0	0.7	14.7	2,014
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	160	1.3%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	3.81	2.15	2.37	-26.4	115	0.9%	0.70	0.18	42.0	3.4	7.6	0.1	1.7	4,169
DTB Bank	Banking	Dec	56.75	44.00	54.75	9.5	113	0.9%	17.27	3.00	250.7	3.2	5.5	0.2	6.9	16,886
Jubilee Insurance	Insurance	Dec	270.00	148.25	180.00	-9.4	96	0.8%	82.21	14.00	618.5	2.2	7.8	0.3	13.3	9,503
Total Oil	Oil	Dec	25.85	18.25	19.75	-17.2	91	0.7%	3.88	1.31	48.0	5.1	6.6	0.4	8.1	855
Britam	Insurance	Dec	6.94	4.09	4.29	-17.5	80	0.6%	0.03	-	7.5	150.1	-	0.6	0.4	1,104
Bamburi Cement	Cement	Dec	38.35	24.05	24.05	-23.7	64	0.5%	2.15	3.58	0.1	11.2	14.9	292.9	2,618.6	23,345
Kakuzi	Agric	Dec	441.25	240.00	424.50	10.3	61	0.5%	43.15	24.00	303.5	9.8	5.7	1.4	14.2	472
Sasini Tea & Coffee	Agric	Sept	129.00	19.00	27.45	22.3	46	0.4%	5.11	1.00	56.5	5.4	3.6	0.5	9.1	764
Centum Investment	Finance	Mar	12.05	7.90	8.76	4.8	43	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	6,458
Crown Paints	Manufac.	Dec	44.00	32.30	39.70	-5.1	42	0.3%	5.13	4.00	24.1	7.7	10.1	1.6	21.3	261
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	39	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.25	1.54	1.89	3.3	39	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	2,544
CIC Insurance	Insurance	Dec	2.18	1.72	1.73	-11.3	33	0.3%	0.42	0.13	3.3	4.1	7.5	0.5	12.8	2,172
Carbacid	Gases	July	14.15	10.55	13.35	11.3	25	0.2%	2.98	0.70	13.6	4.5	5.2	1.0	21.9	4,440
Nation Media	Media	Dec	22.70	14.15	15.55	-2.5	22	0.2%	16.74	1.49	43.1	0.9	9.6	0.4	38.9	1,909
Kenya Power	Power	Jun	2.08	1.36	1.47	-5.8	21	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	7,053
TPSEA Serena	Tourism	Dec	17.50	10.85	14.85	11.2	20	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	2,351
Liberty K. Holdings	Insurance	Dec	7.48	3.65	3.98	-28.9	16	0.1%	0.15	-	15.9	26.1	-	0.3	1.0	51
Unga Ltd	Food	Jun	34.75	15.00	23.00	-28.1	13	0.1%	2.48	-	58.3	9.3	-	0.4	4.2	307
NSE	Finance	Dec	8.38	5.96	6.00	-11.5	11	0.1%	0.05	0.20	7.1	113.5	3.3	0.8	0.7	1,509
Housing Finance	Banking	Dec	4.18	2.86	3.88	21.6	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,493
BOC Kenya	Gases	Dec	85.00	65.00	75.00	6.0	11	0.1%	7.58	5.95	85.1	9.9	7.9	0.9	8.9	332
WPP Scangroup	Media	Dec	4.22	2.70	2.73	-9.3	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	538
Sanlam Kenya	Insurance	Dec	14.90	7.26	8.12	-15.2	9	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	51
Car & Gen	Motors	Sept	49.00	28.10	28.15	-40.7	8	0.1%	26.33	3.20	135.8	1.1	11.4	0.2	19.4	307
Limuru Tea	Agric	Dec	510.00	320.00	400.00	-4.8	7	0.1%	4.73	2.50	80.9	84.6	0.6	4.9	5.8	151
Standard Newspapers	Media	Dec	14.75	8.16	9.20	-12.0	6	0.0%	(10.05)	-	0.4	-	-	20.9	(2,284.0)	29
EA Portland	Cement	Jun	8.80	5.94	7.00	2.9	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	17
Longhorn	Publishing	Jun	4.07	2.01	2.22	-26.0	4	0.0%	0.62	-	2.8	3.6	-	0.8	22.2	194
TransCentury	Finance	Dec	1.30	0.79	0.98	5.4	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	68
											Average	12.5	8.3	4.4	48.0	4,437,128

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