

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	35.20	24.80	41.9%	BUY
Equity bank	70.69	45.70	54.7%	BUY
KCB bank	68.17	37.15	83.5%	BUY
Co-op bank	19.83	11.75	68.8%	BUY
ABSA bank	14.44	11.40	26.7%	BUY
StanChart bank	122.25	136.75	-10.6%	HOLD
NCBA bank	43.98	31.10	41.4%	BUY
I&M bank	32.61	17.00	91.8%	BUY
Stanbic bank	109.98	100.00	10.0%	HOLD
DTB bank	130.90	48.30	171.0%	BUY
EABL	223.42	164.50	35.8%	BUY
Bamburi Cement	60.07	34.40	74.6%	BUY
BAT Kenya	549.38	427.50	28.5%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL traded down to a 16-day low mainly on the back of foreign investors' sell-off. KCB bank touched an 86-day low driven by foreign and local selling.

Debt market commentary and outlook

- Overall subscription rate increased to 173.5%, up from 75.8% registered last week to touch a 9-weeks high. Activity on the 364-day T-Bill picked up after weeks of subdued activity. Investors remained active on the 91-day T-Bill - its yield notched upwards for the twenty-third successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,675.7	-0.3%	-0.1%	-1.5%	-4.6%	-14.0%	-11.9%
Kenya NASI Return	127.6	-0.7%	1.0%	-9.6%	-11.9%	-25.4%	-23.4%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	-6.5%	-17.7%	-18.8%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	-11.3%	-25.2%	-22.7%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	-0.3%	-1.9%	-1.4%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.8%	0.4%	-12.0%	-15.9%	-31.5%	-28.9%
Johannesburg Index	5.1%	6.5%	-5.8%	-8.7%	-13.4%	-16.5%
Nigeria Stock Exchange	0.7%	-8.1%	-16.4%	-18.4%	-1.4%	-0.7%
Ghana Stock Exchange	-0.4%	-24.8%	-36.6%	-51.0%	-63.5%	-61.3%
Egyptian Stock Exchange	-2.9%	-8.8%	-11.5%	-22.3%	-37.2%	-39.0%
MSCI EFM ex SA Index	-2.7%	-4.2%	-11.6%	-22.3%	-33.0%	-30.4%

Other market statistics

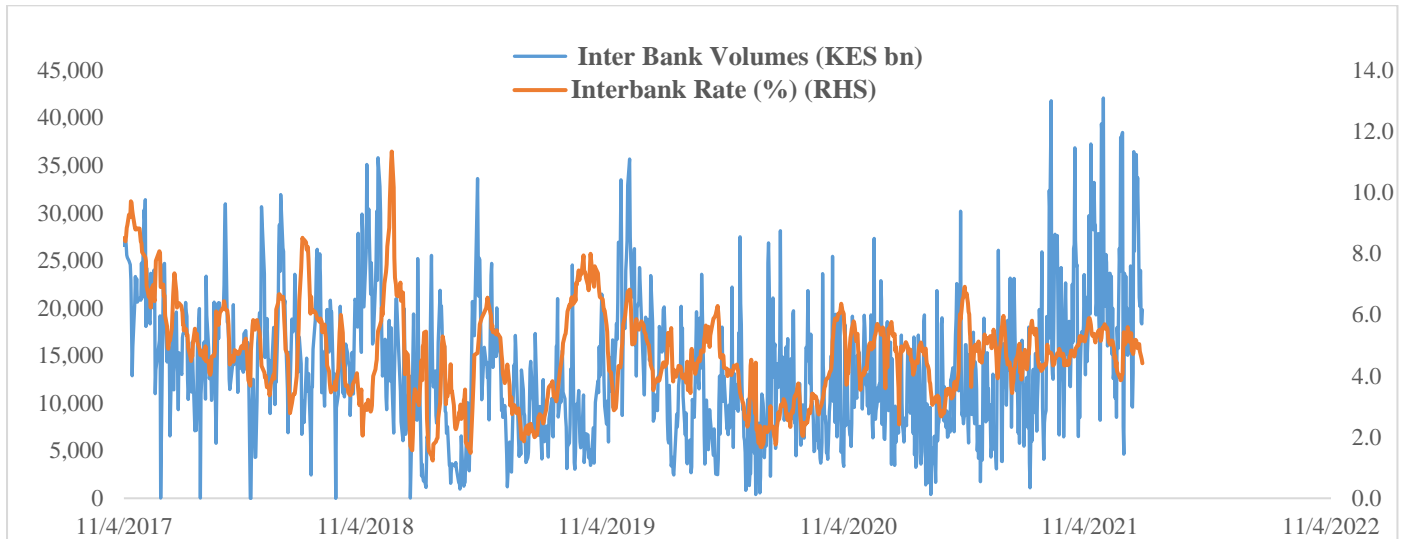
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	121.6	-0.2%	-0.6%	-2.0%	-4.5%	-8.2%	-6.9%
USD/ZAR	17.9	0.9%	1.1%	-6.2%	-10.7%	-14.7%	-10.9%
USD/EGP	24.3	-4.8%	-19.0%	-21.1%	-23.8%	-35.3%	-35.2%
USD/NGN	443.0	-0.2%	-1.7%	-4.2%	-6.0%	-6.5%	-4.2%
USD/GHS	14.0	-0.2%	-24.4%	-38.1%	-46.3%	-56.5%	-55.9%

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	670.5	-44.4	85.0%	-0.2%	-34.7%	-39.6%	7.40%
Equity bank	166.5	40.3	78.8%	-2.4%	-13.4%	-14.6%	17.2%
KCB bank	115.2	-27.7	38.8%	-1.5%	-18.3%	-21.0%	6.1%
EABL	52.5	-20.9	66.6%	-1.6%	-0.3%	-3.7%	49.5%
BAT Kenya	32.9	-28.6	43.6%	-1.5%	-3.2%	-16.0%	5.8%

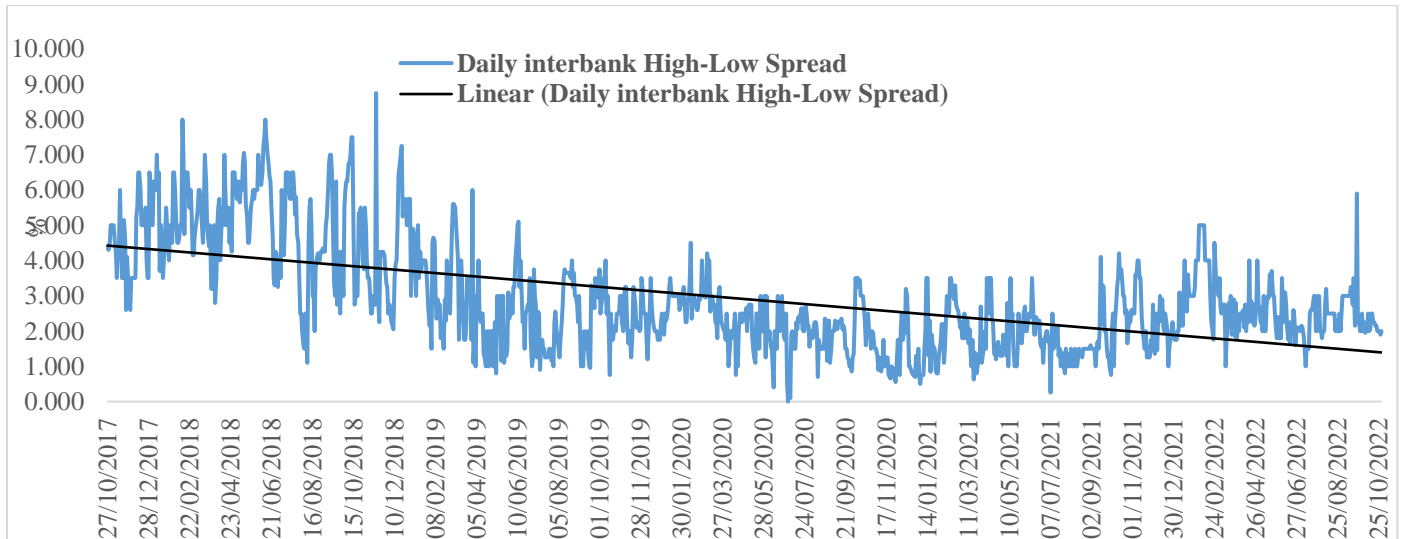
Key Rates and Spreads

Inter-bank rate hits a 2-month low



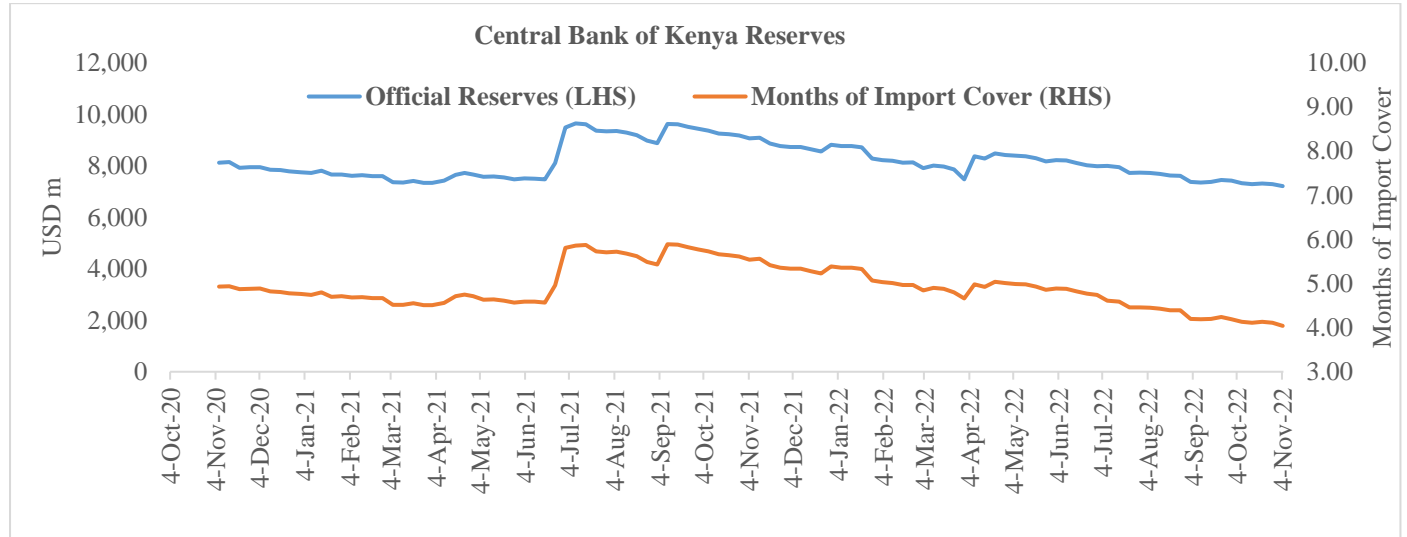
Source: CBK

Inter-bank spreads increase week-on-week



Source: CBK

Months of import cover fall to a 7-year low



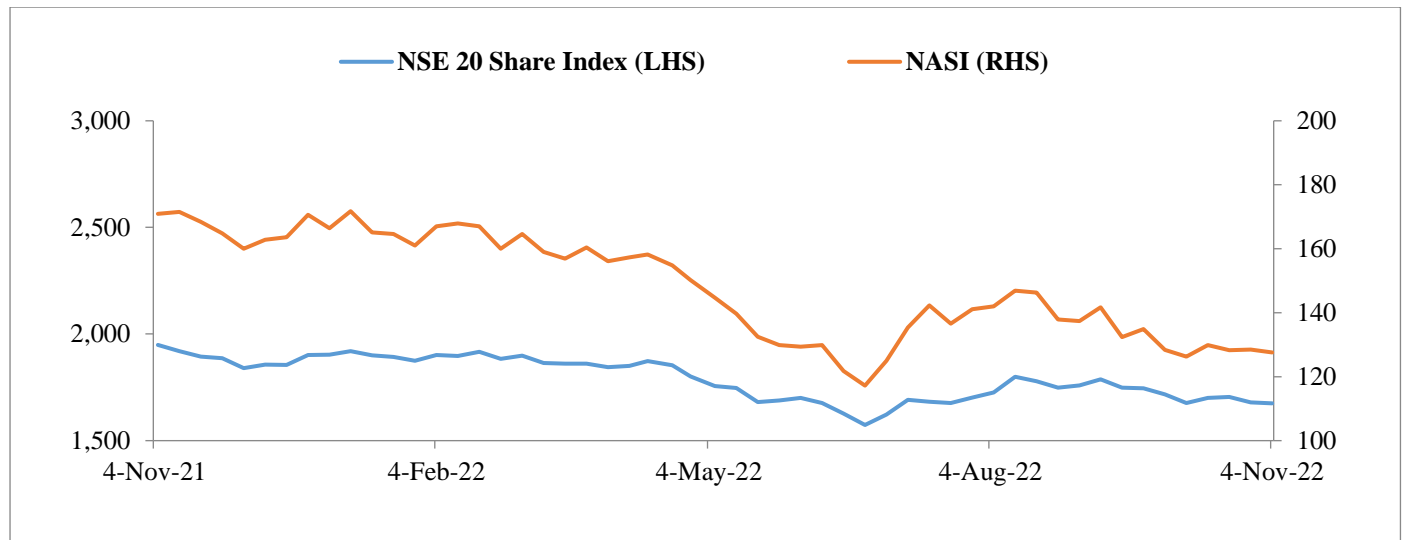
Source: CBK

Equity market trading commentary

Equity turnover fell by 30.3% w/w to stand at USD 9.2m (KES 1.1bn). The NASI slid 0.7% w/w to 127.55 and the NSE 20 came off 0.9% w/w to 1,675.66 for the second straight week. For the third successive week, foreign investors stood out as net sellers at USD 0.7m (KES 93.3m). Foreign investors led trading at 72.1% of total turnover, up from 42.9% printed the prior week. Safaricom (USD 0.8m, KES 44.4m) and BAT Kenya (USD 0.4m, KES 28.6m) recorded the highest net foreign outflows. On the other hand, Equity bank saw the highest net foreign inflows at USD 0.3m (KES 40.3m).

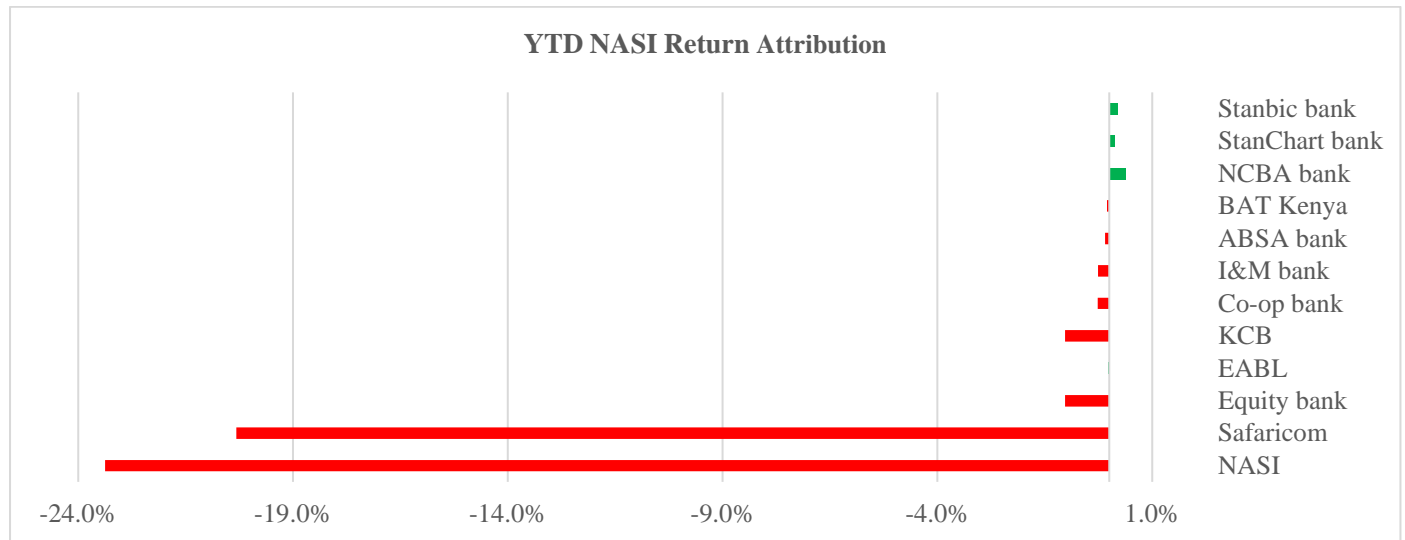
During the week, EABL traded down to a 16-day low mainly on the back of foreign investors' sell-off. KCB bank touched an 86-day low driven by foreign and local selling.

Market performance over the past 12 months



Source: NSE

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



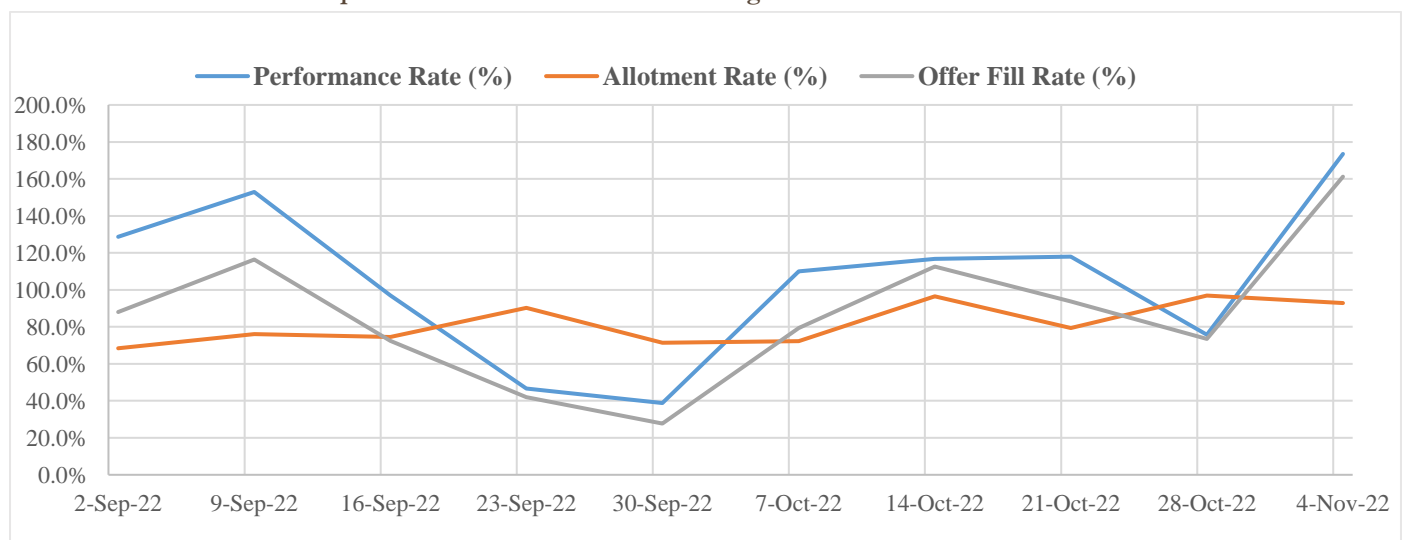
Source: Kestrel Research

Debt market trading commentary

Overall subscription rate increased to 173.5%, up from 75.8% registered last week to touch a 9-weeks high. Activity on the 364-day T-Bill picked up after weeks of subdued activity. Investors remained active on the 91-day T-Bill - its yield edged upwards for the twenty-third successive week.

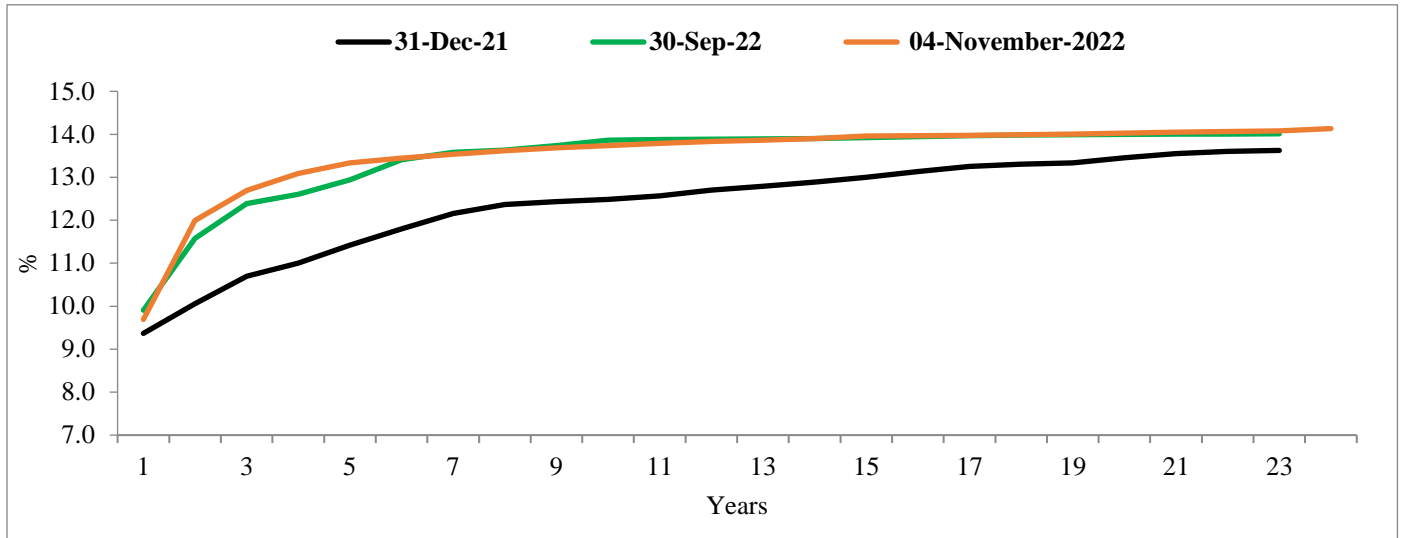
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 16.5bn for the 91-Day T-Bill, implying a subscription rate of 463.76%. It accepted bids worth KES 15.7bn at an average yield of 9.139% (+1.2bps w/w). The 182-Day T-Bill received bids worth KES 8.3bn, implying a performance rate of 83.37%. It accepted bids worth KES 6.4bn at an average yield of 9.691% (+1.3bps w/w). The 364-Day T-Bill received bids worth KES 16.8bn, implying a performance rate of 167.65%. It accepted bids worth KES 16.5bn at an average yield of 10.109% (+14.4w/w).

T-Bills Performance: Overall performance rate reach a 9-weeks high



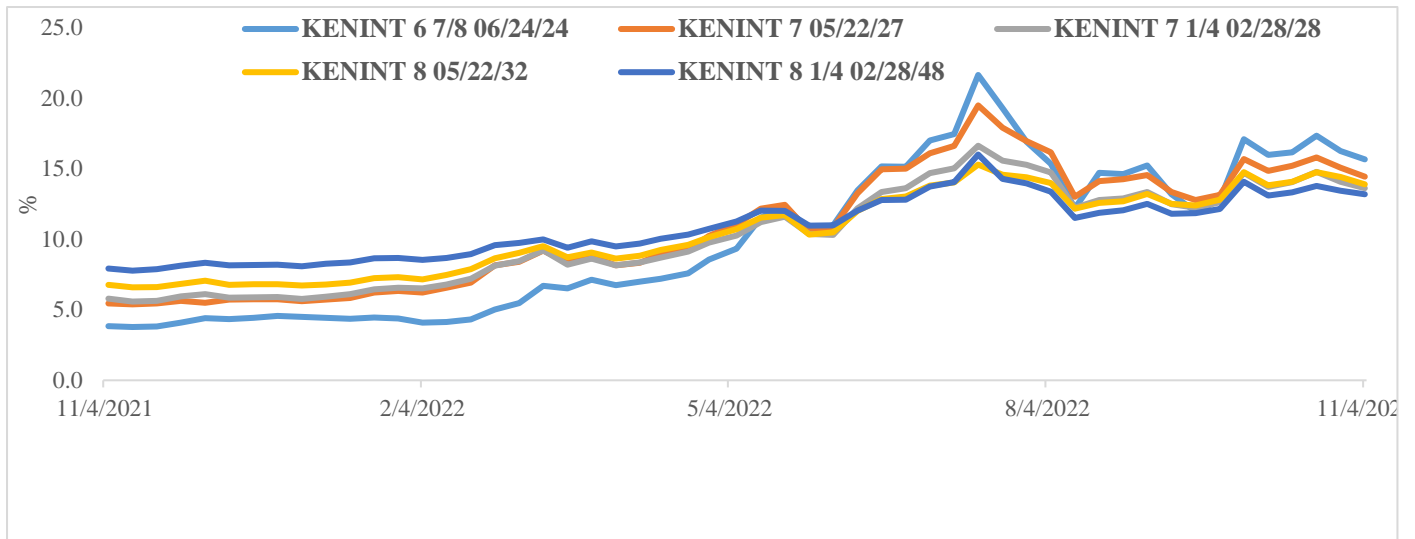
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors decline 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	41.05	23.10	24.80	-34.7	8,178	49.7%	1.74	1.39	3.5	14.3	5.6	7.1	49.9	1,249,782
Equity Bank	Banking	Dec	53.50	39.00	45.70	-13.4	1,419	8.6%	12.02	3.00	38.1	3.8	6.6	1.2	31.6	360,517
EA Breweries	Breweries	Jun	170.75	110.00	164.50	-0.3	1,071	6.5%	15.00	11.00	20.5	11.0	6.7	8.0	73.2	156,347
KCB Bank	Banking	Dec	47.00	35.00	37.15	-18.3	983	6.0%	11.92	3.00	55.7	3.1	8.1	0.7	21.4	224,400
Co-op Bank	Banking	Dec	13.30	10.70	11.75	-9.3	567	3.4%	3.52	1.00	16.5	3.3	8.5	0.7	21.3	32,836
Absa Bank	Banking	Dec	12.70	9.70	11.40	-3.8	510	3.1%	2.15	1.10	10.9	5.3	9.6	1.0	19.7	13,658
StanChart Bank	Banking	Dec	146.25	123.75	136.75	6.6	425	2.6%	24.92	19.00	147.2	5.5	13.9	0.9	16.9	25,735
NCBA Bank	Banking	Dec	33.20	23.00	31.10	23.4	422	2.6%	8.10	4.25	48.7	3.8	13.7	0.6	16.6	129,544
BAT Kenya	Tobacco	Dec	509.00	404.00	427.50	-3.2	352	2.1%	67.10	55.00	129.1	6.4	12.9	3.3	52.0	20,105
Stanbic Bank	Banking	Dec	108.00	86.75	100.00	14.6	325	2.0%	18.81	7.30	122.8	5.3	7.3	0.8	15.3	9,516
I&M Holdings	Banking	Dec	22.25	16.50	17.00	-19.4	231	1.4%	5.38	1.50	42.6	3.2	8.8	0.4	12.6	22,843
Bank of Kigali	Banking	Dec	32.75	24.30	29.80	2.8	220	1.3%	7.95	3.28	41.8	3.7	11.0	0.7	19.0	1,211
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	179	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.72	3.29	3.29	-21.5	179	1.1%	0.16	0.18	32.4	20.7	5.5	0.1	0.5	14,721
Total Oil	Oil	Dec	25.85	21.75	25.00	0.0	130	0.8%	4.35	1.31	45.4	5.7	5.2	0.6	9.6	1,300
Jubilee Insurance	Insurance	Dec	350.00	215.00	215.00	-32.1	128	0.8%	94.22	14.00	544.4	2.3	6.5	0.4	17.3	5,506
Britam	Insurance	Dec	7.82	5.44	5.76	-23.2	120	0.7%	0.03	-	7.5	201.5	-	0.8	0.4	2,629
DTB Bank	Banking	Dec	60.00	47.75	48.30	-18.8	111	0.7%	16.32	3.00	246.4	3.0	6.2	0.2	6.6	12,212
Bamburi Cement	Cement	Dec	39.00	32.10	34.40	-9.5	103	0.6%	2.15	3.58	0.1	16.0	10.4	419.0	2,618.6	7,479
Umeme Ltd.	Power	Dec	8.30	5.50	7.50	11.3	100	0.6%	2.74	1.73	17.6	2.7	23.1	0.4	15.6	877
Kakuzi	Agric	Dec	441.25	367.50	415.00	7.8	67	0.4%	39.24	18.00	278.0	10.6	4.3	1.5	14.1	765
Centum Investment	Finance	Mar	17.70	8.00	8.74	-38.0	48	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	7,089
Crown Paints	Manufac.	Dec	44.00	30.50	39.15	28.4	46	0.3%	5.13	4.00	24.1	7.6	10.2	1.6	21.3	437
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	44	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.39	1.86	1.88	-18.3	43	0.3%	1.17	0.10	13.4	1.6	5.3	0.1	8.7	2,078
CIC Insurance	Insurance	Dec	2.43	1.87	1.99	-10.0	43	0.3%	0.30	-	3.0	6.6	-	0.7	9.9	2,226
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	21.00	12.3	39	0.2%	(1.48)	0.50	56.5	-	2.4	0.4	(2.6)	530
Carbacid	Gases	July	14.15	10.35	13.90	26.4	29	0.2%	2.22	0.70	13.5	6.3	5.0	1.0	16.4	6,048
Kenya Power	Power	Jun	2.08	1.31	1.75	0.0	28	0.2%	1.80	-	30.8	1.0	-	0.1	5.8	15,613
Nation Media	Media	Dec	23.20	15.70	16.25	-11.9	25	0.2%	2.59	1.49	42.1	6.3	9.1	0.4	6.2	3,980
Liberty K. Holdings	Insurance	Dec	7.60	5.00	5.20	-25.7	23	0.1%	0.15	-	15.9	34.0	-	0.3	1.0	188
TPSEA Serena	Tourism	Dec	17.50	11.50	15.00	-1.6	22	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	774
Unga Ltd	Food	Jun	36.25	27.00	29.00	4.9	18	0.1%	2.48	-	58.3	11.7	-	0.5	4.2	306
NSE	Finance	Dec	8.70	6.60	7.04	-12.0	15	0.1%	0.51	1.40	8.0	13.8	19.9	0.9	6.4	2,291
Car & Gen	Motors	Sept	76.00	30.00	39.25	15.6	13	0.1%	26.33	3.20	135.8	1.5	8.2	0.3	19.4	543
BOC Kenya	Gases	Dec	93.25	66.25	80.00	14.3	13	0.1%	4.78	6.70	84.3	16.7	8.4	0.9	5.7	1,221
WPP Scangroup	Media	Dec	5.00	2.86	3.19	-22.9	11	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	750
Sanlam Kenya	Insurance	Dec	15.00	8.50	9.34	-19.1	11	0.1%	(3.77)	-	3.9	-	-	2.4	(97.1)	188
Housing Finance	Banking	Dec	4.90	2.86	3.25	-16.7	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	986
Limuru Tea	Agric	Dec	510.00	297.00	420.00	31.3	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	2,434
Standard Newspapers	Media	Dec	16.15	10.10	11.50	-15.1	8	0.0%	(0.90)	-	10.5	-	-	1.1	(8.5)	92
Longhorn	Publishing	Jun	4.4	2.74	3.22	-19.5	7	0.0%	0.62	-	2.8	5.2	-	1.2	22.2	1,324
EA Portland	Cement	Jun	8.80	6.06	7.80	17.1	6	0.0%	6.02	-	239.8	1.3	-	0.0	2.5	33
TransCentury	Finance	Dec	1.47	1.00	1.19	1.7	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	111
Safaricom	Telecom	Mar	41.05	23.10	24.80	-34.7	8,178	49.7%	1.74	1.39	3.5	14.3	5.6	7.1	49.9	1,249,782
											Average	11.5	6.8	7.1	54.4	2,349,032

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