



# Faida Weekly Report (Week 10)

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## International Highlights

### EUROPE

#### German Factory Orders Fall due To Fall In Euro Zone Demand

German factory orders fall by 1.9%

German factory orders fell in January 2013 as the sovereign debt crisis curbed demand in the Euro area. The Economy Ministry stated that orders, adjusted for seasonal swings and inflation, declined by 1.9% from December 2012.

The Bundesbank expects the German economy to rebound in the current quarter after declining 0.6% in the final three months of 2012. Confidence among entrepreneurs and investors jumped in February 2013 and retail sales rose the most in more than six years in January 2013. At the same time, the Euro area is in a recession and the European Central Bank predicts only a gradual recovery later this year.

#### French Unemployment

French unemployment rises to 10.6%

According to data released by the national statistics office, unemployment in France, the Euro area's second-largest economy, climbed to a 13-year high in the fourth quarter. The jobless rate, based on International Labor Organization standards, rose to 10.6% from a revised 10.2% in the previous three months.

### ASIA

#### Japan Returned to Growth in Fourth Quarter in Boost for Abe

GDP rose by an annualized 0.2%

The Cabinet Office stated that Gross Domestic Product rose by an annualized 0.2% in the three months through December, compared with a preliminary calculation of a 0.4% contraction. The finance ministry stated that the current account deficit in January 2013 was 364.8 billion yen (USD3.8 billion).

Private consumption and public investment propelled the nation's growth, while a less-than-initially estimated fall in capital spending suggests that a weakening yen may ease corporate pessimism. Exporters from Toyota Motor Corporation to Nintendo Corporation raised their profit forecasts as a yen that's slumped nearly 16% against the dollar since mid-November 2012 boosts the value of overseas sales.

### U.S

#### Unexpected Fall in Jobless Claims

State jobless aid fell by 7,000 last week

The number of Americans filing new claims for unemployment benefits unexpectedly fell last week, suggesting a pickup in the labor market. The figures were the latest to indicate the economy's resilience amid higher taxes, although a separate report showing that the United States trade gap widened in January 2013 dimmed the near-term outlook a bit.

According to the Labor Department, initial claims for state jobless aid fell 7,000 last week to a seasonally adjusted figure of 340,000. It was the second consecutive weekly decline, confounding economists' expectations for an increase to 355,000. The four-week moving average for new claims fell 7,000 to 348,750, the lowest level since March 2008.

In another sign of improving economic conditions, the Federal Reserve reported that household debt grew at its fastest pace since early 2008 in the fourth quarter of 2012. Consumers continued to increase their borrowing in January 2013 from December 2012, adding USD16.2 billion in debt.

The Commerce Department reported that the trade deficit widened to USD44.45 billion in January 2013 from USD38.14 billion in December 2012.

## AFRICA

### Rwanda Hits 55% Mobile Phone Penetration Rate

Mobile penetration rate at 55% of the country's population

The Rwanda Utility Regulation Authority (RURA) stated that Rwanda's mobile penetration rate currently stands at 55% of the country's population of 10.5 million.

In December 2012, the mobile phone subscription was at 53.1 per cent, an indication that the penetration has increased by 1.9 percentage points within one month. Jean Baptiste Mutabazi, RURA's head of Communication and Media Regulation stated that they have achieved their target and hope to surpass it. He attributed the increase to the good government policies that promote the growth of ICT services. A cheap phone in Rwanda costs Rwf 8,000 (approximately USD12) and most of the local population own affordable phones.

### Economic Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	86.14	86.58	86.04	86.16
EURO/KES	112.72	112.84	112.19	112.84
GBP/KES	130.77	130.33	129.22	129.22

### Currency Highlights

Kenya Shilling strengthened against the GBP

Last week, the Kenya Shilling strengthened against the GBP while weakening slightly against the USD and Euro to close the week at a mean of KES 129.22, KES 86.16 and KES 112.84 respectively.

This was on the backdrop of a peaceful tallying process after the country held peaceful general elections on Monday, 4<sup>th</sup> March 2013.

## Company Highlights

### KCB gets Loan from International Finance Corporation (IFC)

KCB to get KES 12.9 billion seven year loan

KCB Group is set to get a KES 12.9 billion seven-year loan from the International Finance Corporation (IFC) for onward lending to mortgage borrowers and SMEs, giving it an advantage over rivals who have to pay higher interest on deposits.

KCB is to repay the loan at a small premium above the London Interbank Offered Rate (Libor). In August 2011, KCB got KES 9 billion loan (USD105 million) from the IFC. This will enable KCB to lend long-term more comfortably, reducing the mismatch between the short-term nature of customer deposits and the growing demand for long-maturity loans

## Equity market Summary

### Top Gainers

	Price	%ch	EPS	DPS	PE
CFC Stanbic	60.00	31.9	9.90	0.00	6.06
British-American Investments	8.50	20.6	-1.09	0.15	-7.79
Liberty Kenya Holdings	8.30	16.9	1.84	0.00	4.51
Mumias Sugar	4.80	14.3	1.32	0.50	3.63
TPS Eastern Africa	49.00	13.3	4.51	1.30	10.86

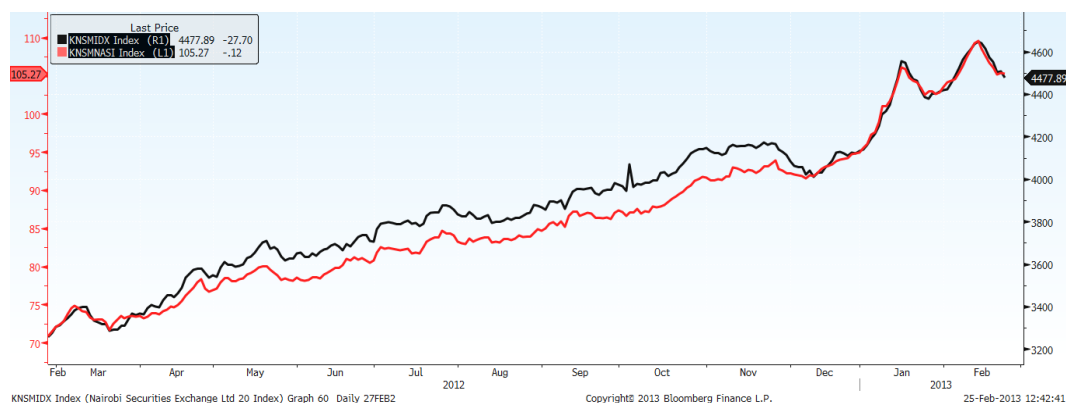
### Top Losers

	Price	%ch	EPS	DPS	PE
KenolKobil	11	-18.5	2.21	1	4.97
Rea Vipingo	21	-3.4	6.34	1.1	19.09

### Top Traders on 8<sup>th</sup> March 2013

	Price	Volume Traded	% Price ch	EPS	PE
Mumias Sugar	4.80	3,509,100	14.3	1.32	3.63
Safaricom	6.00	2,754,800	3.4	0.32	18.75
Equity Bank	30.00	2,727,800	6.2	3.26	9.20
KenolKobil	11.00	2,296,200	-18.5	2.21	4.97
KCB	38.25	738,400	6.3	4.11	9.31

The NSE 20 share index and the NASI gained 148.17 points and 4.61 points respectively to close the week at 4658.64 points and 107.18 points respectively.



Source: Bloomberg

### Agricultural sector

Eaagads gained by 4.3% w-o-w to close the week at KES 24.00, trading a total of 500 shares on 8<sup>th</sup> March 2013.

Rea Vipingo dropped by 3.4% w-o-w to close at KES 21.00 as the second top loser of the week, trading a total of 4,500 shares on 8<sup>th</sup> March 2013.

Sasini gained by 7.6% w-o-w

Sasini gained by 7.6% w-o-w to close at KES 12.05, trading a total of 14,200 shares on 8<sup>th</sup> March 2013.

### Banking Sector

CFC Stanbic gained 31.9% after announcing a 64% growth in Profit before Tax

CFC Stanbic gained 31.9% w-o-w to close at KES 60.00 as the top gainer of the week, trading a total of 57,300 shares on 8<sup>th</sup> March 2013. The price rally could be attributed to investors reacting to the news that the bank had reported a 64% growth in Profit before Tax of KES 3 billion for FY2012.

Equity Bank gained 6.2% w-o-w to close at KES 30.00 as the third top trader on 8<sup>th</sup> March 2013, trading a total of 2.7 million shares.

KCB gained 6.3% w-o-w to close at KES 38.25 as the fifth top trader on 8<sup>th</sup> March 2013, trading a total of 738,400 shares.

NIC Bank gained 6.5% w-o-w

NIC Bank gained 6.5% w-o-w to close at KES 49.00, trading a total of 96,900 shares on 8<sup>th</sup> March 2013.

### Commercials and Services Sector

Kenya Airways gained by 3.3% w-o-w

TPS Eastern Africa edged up by 13.3% w-o-w to close at KES 49.00 as the fourth top gainer of the week, trading a total of 10,900 shares on 8<sup>th</sup> March 2013.

Kenya Airways gained by 3.3% w-o-w to close at KES 10.85, trading a total of 127,600 shares on 8<sup>th</sup> March 2013.

Scangroup gained by 3.8% w-o-w to close at KES 68.50. trading a total of 5,300 shares on 8<sup>th</sup> March 2013.

Crown Paints gained by 8.2% w-o-w

### Construction & Allied Sector

Crown Paints gained by 8.2% w-o-w to close at KES 46.00, trading a total of 4,000 shares on 8<sup>th</sup> March 2013.

Athi River Mining gained by 2.4% w-o-w to close at KES 64.00, trading a total of 67,100 shares on 8<sup>th</sup> March 2013.

Bamburi Cement gained by 1.0% w-o-w to close at KES 205.00 trading a total of 200 shares on 8<sup>th</sup> March 2013.

### Energy and Petroleum Sector

KenGen gained by 4.6% w-o-w

KenGen gained by 4.6% w-o-w to close at KES 12.60, trading a total of 388,000 shares on 8<sup>th</sup> March 2013.

KPLC gained by 2.8% w-o-w to close the week at KES 18.40, trading a total of 313,100 shares on 8<sup>th</sup> March 2013.

KenolKobil dropped by 18.5% w-o-w to close at KES 11.00

KenolKobil dropped by 18.5% w-o-w to close at KES 11.00 as the top loser of the week, trading a total of 2.3 million shares on 8<sup>th</sup> March 2013. The drop in price could be attributed to the news that the company's negotiations for a takeover bid with Puma Energy had collapsed.

Total Kenya edged up 6.2% w-o-w to close at KES 15.40, trading a total of 12,700 shares on 8<sup>th</sup> March 2013.

### Insurance Sector

Britam Investments gained by 20.3% w-o-w

Britam Investments gained by 20.3% w-o-w to close at KES 8.50, trading a total of 423,100 shares on 8<sup>th</sup> March 2013.

CIC Insurance gained by 12.9% w-o-w to close at KES 4.80, trading a total of 990,500 shares on 8<sup>th</sup> March 2013.

Liberty Kenya Holdings gained 16.9% w-o-w to close at KES 8.30 as the third top gainer of the week, trading a total of 46,200 shares on 8<sup>th</sup> March 2013.

Kenya Re gained by 11.2% w-o-w to close at KES 13.90, trading a total of 525,200 shares on 8<sup>th</sup> March 2013.

### Investment Sector

Centum Investments gained by 4.1% w-o-w

Centum Investments gained by 4.1% w-o-w to close at KES 15.25, trading a total of 65,600 shares on 8<sup>th</sup> March 2013.

TransCentury gained by 1.8% w-o-w to close at KES 27.75, trading a total of 200 shares on 8<sup>th</sup> March 2013.

### Manufacturing & Allied Sector

Mumias Sugar gained 14.3% w-o-w

Mumias Sugar gained 14.3% w-o-w to close at KES 4.80, trading a total of 3.5 million shares on 8<sup>th</sup> March 2013.

EABL gained by 4.2% w-o-w to close at KES 297.00, trading a total of 165,900 shares on 8<sup>th</sup> March 2013.

### Telecommunication & Technology Sector

Access Kenya gained by 6.2% w-o-w

Access Kenya gained by 6.2% w-o-w to close at KES 6.95, trading a total of 84,300 shares on 8<sup>th</sup> March 2013.

Safaricom gained 3.4% w-o-w to close at KES 6.00, trading a total of 2.8 million shares on 8<sup>th</sup> March 2013.

## Bond market

### Primary Market

The week saw the government put up the 91 day and 182 day T- bills for auction and managed to raise KES 12.97 billion out of a target of KES 14.0 billion.

Bids received in the 91 day T-bill auction amounted to KES 3.8 billion (95% subscription). The bids that were accepted amounted to KES 2.10 billion and were accepted at a weighted average rate of 9.747% which was up 0.379% compared to a rate of 9.368% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 4.6 billion (113.89% subscription). The bids that were accepted amounted to KES 3.99 billion and were accepted at a weighted average rate of 9.697%.

Bids received in the 364 day T-bill auction amounted to KES 10.9 billion (182.50% subscription). The bids that were accepted amounted to KES 6.88 billion and were accepted at a weighted average rate of 12.542%.

**Market Outlook**

Counter	Recommendation	Comment
Equity Bank	BUY	Our revised price target of KES 39.07 provides a 30.2% upside potential
Centum	BUY	The stock is trading at a 37.7% discount to the Net Asset Value
Kenya Re	SPECULATIVE BUY	The stock could continue with the upward trend with an upside potential of 23.1% from the market price of KES 15.00 as at 8th March 2013.