



Faida Weekly Report (Week 11)

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Analysts:

Eleanor Ouko, CFA

E-mail: eleanor.ouko@fib.co.ke

Bernard Kiarie

E-mail: bernard.kiarie@fib.co.ke

Samuel Mugacha

E-mail: samuel.mugacha@fib.co.ke

William Githui

E-mail: william.githui@fib.co.ke

Crawford Business Park,

Ground floor

State House Road

Tel: 0207606026-37

www.fib.co.ke

P.O Box 45236, 00100

Nairobi.

International Highlights

Europe

France and Italy Benefit from Leeway on Budget Rules

EU leaders allow leeway for public investment

France and Italy won support for a more growth-friendly interpretation of European Union (EU) budget rules at a summit last week after French President Francois Hollande challenged German-driven fiscal austerity.

EU leaders agreed to allow greater leeway for public investment when reducing government deficits after debating how to overcome mass unemployment and recession. Exceptions would have to be approved by the executive European Commission and fellow Euro Zone states.

Asia

Diet Approves Nomination of ADB Chief Kuroda as New Bank of Japan Governor

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The Diet (Japan's lower and upper house) last week approved the nomination of Haruhiko Kuroda as Bank of Japan governor with Kikuo Iwata and Hiroshi Nakaso for his deputy chiefs. The House of Councilors voted for the government's selection of Kuroda, currently president of the Asian Development Bank, along with Iwata, a Gakushuin University professor, and Nakaso, who is currently serving as the central bank's executive director.

The BOJ's first regular Policy Board meeting under the new leadership team is scheduled from April 3 to 4, but it is possible an emergency policy meeting will also be held soon to consider additional easing measures.

U.S

Tax Reform Meetings Begin

Congress agrees that tax code should be overhauled

Congress last week agreed that the tax code should be overhauled, but divisions between the two parties on how to fix the problem still remain. Members of the Senate Finance Committee from both parties met to start laying the groundwork for legislation to overhaul the tax code, as the House Ways and Means Committee engages in a similar bipartisan effort.

House Republicans and Senate Democrats advanced budget plans that have differing stances on most policies. They however agreed that the economy would benefit from billions of dollars a year in existing tax breaks. Where they differ is over what to do with the savings.

Africa

German Business Mission on Tour of Tanzania

German delegation arrived in Dar es Salaam to explore trade opportunities

A delegation of German businesspeople arrived in Dar es Salaam to explore new trade opportunities. The delegation is headed by State secretaries Anne Ruth Herkes (Ministry of Economics and Technology) and Harald Braun (Federal Foreign Office).

During their visit, the business delegation was received by the Vice-President of the United Republic of Tanzania, Dr Mohammed Gharib Bilal, the minister for Foreign Affairs and Cooperation, Mr Bernard Membe, as well as the minister for Trade and Industry, Dr Abdallah Kigoda. The meeting is intended to improve economic relations between the two countries. The economic potential of the country is huge citing the latest discovery of natural gas and numerous mineral deposits.

Economic Highlights

Currency Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	86.16	85.82	85.32	85.64
EURO/KES	112.84	111.62	110.53	111.53
GBP/KES	129.22	129.19	127.43	129.19

Kenya Shilling strengthens against the USD, Euro and GBP

Last week, the Kenya Shilling strengthened against the USD, Euro and GBP to close the week at a mean of KES 85.64, KES 111.53 and KES 129.19 respectively.

This was on the backdrop of a peaceful election process. During the previous month the International Monetary Fund (IMF) projected the Kenyan economy to expand by 5.5% to 6.0% as long as peaceful elections provide stability for investors. However, the close of the week under review saw the demand for dollars increase as businesses resumed normal operations.

Monetary Policy Committee retains CBR rate at 9.50%

MPC retains the CBR rate at 9.5%

The Monetary Policy Committee (MPC) retained the Central Bank Rate (CBR) at 9.5% citing risks to the macroeconomic outlook. These are attributed to the recent rise in international oil prices and a weak outlook for the global economy citing the ongoing recession in the Eurozone and a slow recovery of the US economy. In addition to this, the persistent balance of payments pressures due to the high current account deficit remain a threat to the general stability of prices.

Equity market Summary

Top Gainers

	Price	%ch
Trans-Century Ltd	34.50	24.3%
Sameer Africa	5.25	16.7%
Eveready E.A.	2.05	10.8%
Uchumi Supermarket	21.50	9.1%
Williamson Tea Kenya	239.00	8.6%

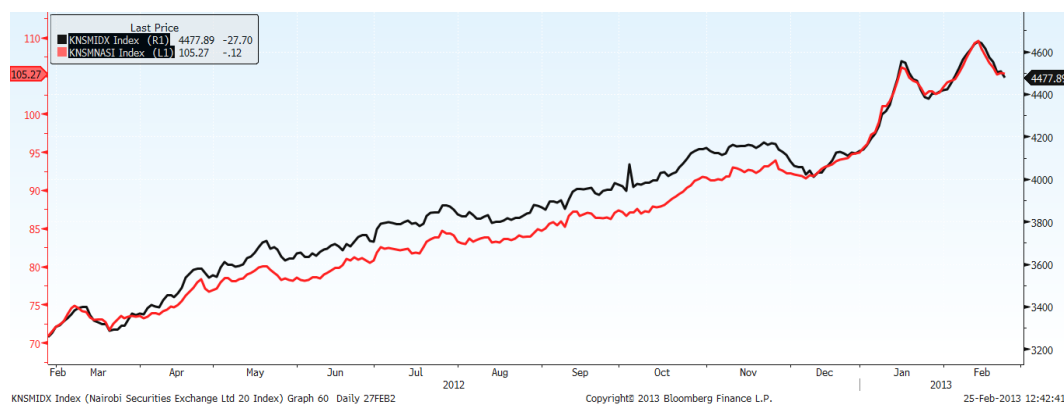
Top Losers

	Price	%ch
CFC Stanbic	55.00	-8.3%
Barclays Bank	16.30	-6.1%
Britam Investments	8.15	-4.1%
Mumias Sugar	4.65	-3.1%
BAT Kenya	530.00	-1.7%

Top Traders on 15th March 2013

	Price	Volume Traded	% Price change
Equity Bank	30.00	7,827,300	0.0%
Safaricom	6.15	3,011,000	2.5%
Mumias Sugar	4.65	2,431,600	-3.1%
KCB	38.50	1,750,400	0.7%
Co-operative Bank	14.90	1,572,800	0.7%

The NSE 20 share index and the NASI gained 115.48 points and 1.44 points respectively to close the week at 4774.12 points and 113.23 points respectively.



Source: Bloomberg

Agricultural sector

Kakuzi gained 4.7% w-o-w to close at KES 89.00

Kakuzi gained 4.7% w-o-w to close at KES 89.00, trading a total of 100 shares on 15th March 2013.

Sasini gained by 7.1% w-o-w to close at KES 12.90, trading a total of 34,700 shares on 15th March 2013. The counter gained by 7.6% w-o-w the previous week.

Williamson Tea gained by 8.6% w-o-w to close at KES 239.00 as the fifth top gainer of the week, trading a total of 3,500 shares on 15th March 2013.

Banking Sector

CFC Stanbic dropped by 8.3% w-o-w to close at KES 55.00

CFC Stanbic dropped by 8.3% w-o-w to close at KES 55.00 as the top loser of the week, trading 73,700 shares on 15th March 2013. The drop can be attributed to market correction after the counter rallied last week gaining by 31.9% w-o-w after the announcement of a 64% growth in Profit before Tax for FY2012.

Equity Bank remained unchanged w-o-w to close at KES 30.00 as the top trader on 15th March 2013, trading a total of 7.8 million shares.

Barclays Bank dropped by 6.1% w-o-w

Barclays Bank dropped by 6.1% w-o-w to close at KES 16.30 as the second top loser of the week, trading a total of 822,700 shares on 15th March 2013.

KCB gained 0.7% w-o-w to close at KES 38.50 as the fourth top trader on 15th March 2013, trading a total of 1.8 million shares.

Commercials and Services Sector

Kenya Airways gained by 5.1% w-o-w to close at KES 11.40

TPS Eastern Africa edged up by 5.1% w-o-w to close at KES 51.50, trading a total of 11,100 shares on 15th March 2013. The counter gained by 13.3% w-o-w the previous week.

Kenya Airways gained by 5.1% w-o-w to close at KES 11.40, trading a total of 508,100 shares on 15th March 2013. The counter gained by 3.3% w-o-w the previous week.

Scangroup gained by 5.1% w-o-w to close at KES 72.00, trading a total of 23,000 shares on 15th March 2013.

Uchumi Supermarket gained by 9.1% w-o-w to close at KES 21.50

Uchumi Supermarket gained by 9.1% w-o-w to close at KES 21.50 as the fourth top gainer of the week, trading 57,300 shares on 15th March 2013.

Construction & Allied Sector

Athi River Mining gained by 7.8% w-o-w to close at KES 69.00

Crown Paints gained by 3.3% w-o-w to close at KES 47.50, trading a total of 1,200 shares on 15th March 2013.

Athi River Mining gained by 7.8% w-o-w to close at KES 69.00, trading a total of 32,100 shares on 15th March 2013.

Bamburi Cement gained by 2.9% w-o-w to close at KES 211.00 trading a total of 61,100 shares on 15th March 2013.

Energy and Petroleum Sector

KenGen gained by 4.0% w-o-w to close at KES 13.10, trading a total of 246,500 shares on 15th March 2013.

KPLC gained by 1.4% w-o-w to close the week at KES 18.65, trading a total of 206,900 shares on 15th March 2013.

KenolKobil gained by 5.0% w-o-w

KenolKobil gained by 5.0% w-o-w to close at KES 11.55, trading a total of 129,700 shares on 15th March 2013.

Insurance Sector

Britam Investments dropped by 4.1% w-o-w

Britam Investments dropped by 4.1% w-o-w to close at KES 8.15, trading a total of 848,600 shares on 15th March 2013.

CIC Insurance gained by 3.1% w-o-w to close at KES 4.95, trading a total of 604,200 shares on 15th March 2013. The counter gained by 12.9% w-o-w the previous week.

Liberty Kenya Holdings gained by 3.0% w-o-w to close at KES 8.55, trading a total of 66,100 shares on 8th March 2013.

Kenya Re gained by 4.3% w-o-w to close at KES 14.50, trading a total of 459,600 shares on 15th March 2013.

Investment Sector

Centum Investments gained by 4.9% w-o-w

Centum Investments gained by 4.9% w-o-w to close at KES 16.00, trading a total of 501,600 shares on 15th March 2013.

Trans-Century gained by 24.3% w-o-w to close at KES 34.50

Trans-Century gained by 24.3% w-o-w to close at KES 34.50 as the top gainer of the week, trading a total of 46,800 shares on 15th March 2013.

Manufacturing & Allied Sector

BAT Kenya dropped by 1.7% w-o-w to close at KES 530.00 as the fifth top loser of the week, trading 3,400 shares on 15th March 2013.

Mumias Sugar dropped by 3.1% w-o-w to close at KES 4.65 as the fourth top loser of the week, trading a total of 2.4 million shares on 15th March 2013.

Eveready gained by 10.8% w-o-w to close at KES 2.05

Eveready gained by 10.8% w-o-w to close at KES 2.05 as the third top gainer of the week, trading a total of 184,000 shares on 15th March 2013.

Telecommunication & Technology Sector

Access Kenya gained by 0.7% w-o-w to close at KES 7.00, trading a total of 234,300 shares on 15th March 2013.

Safaricom gained by 2.5% w-o-w

Safaricom gained 2.5% w-o-w to close at KES 6.15, trading a total of 3.0 million shares on 15th March 2013.

Bond market

Primary Market

The week saw the government put up the 91 day, 182 day and 364 day T- bills for auction and managed to raise KES 12.7 billion out of a target of KES 14.0 billion.

Bids received in the 91 day T-bill auction amounted to KES 6.1 billion

Bids received in the 91 day T-bill auction amounted to KES 6.1 billion (153% subscription). The bids that were accepted amounted to KES 4.10 billion and

were accepted at a weighted average rate of 10.097% which was up 0.350% compared to a rate of 9.747% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 2.2 billion (56% subscription). The bids that were accepted amounted to KES 1.5 billion and were accepted at a weighted average rate of 10.182%.

Bids received in the 364 day T-bill auction amounted to KES 14.4 billion (241% subscription). The bids that were accepted amounted to KES 7.1 billion and were accepted at a weighted average rate of 12.595%.

Market Outlook

Counter	Recommendation	Comment
Equity Bank	BUY	Our revised price target of KES 39.07 provides a 30.2% upside potential based on 15 th March 2013 of KES 30.00. The price seems to be cooling off after now trading ex dividend.