



Faida Weekly Report (Week 13)

Week ending March 28, 2013

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International Highlights

Europe

Euro Zone Savings Deposits are Safe: German Finance Minister

German Finance Minister asserts that savings accounts in the Euro Zone are safe

The German Finance Minister, Wolfgang Schaeuble said that savings accounts in the Euro zone area are safe. He also added that Cyprus is a special case and not a template for future rescues. According to him, the problem of Cyprus was that two large banks in Cyprus were in effect no longer solvent and the country's government did not have money to guarantee savings. Mr. Schaeuble was confident that Cyprus would be able to completely pay back the rescue aid.

Asia

China's Manufacturing Expanded at a Faster Pace in March

Purchasing Manager's Index hits 11-month high

According to the National Bureau of Statistics and China Federation of Logistics and Purchasing, the Purchasing Manager's Index stood at 50.9 in March 2013 compared to 50.1 recorded in February 2013. This was an 11-month high, indicating a recovery in the world's second-largest economy is sustaining momentum. Some have termed the momentum modest, acknowledging that the economy still faces fairly large headwinds including property curbs and tighter supervision of the so-called shadow banking.

U.S

U.S Economy Performed Better than Expected

Stronger construction activity and stronger exports boost GDP

According to the government's 3rd and final report on the 4th quarter, the United States (U.S) economic growth was weak at the end of 2012, but better than previously thought. Gross domestic product (GDP) rose by 0.4% annual rate in the quarter, better than an earlier estimate of 0.1%. This improvement was boosted by stronger construction activity and stronger exports. Investments in the non-residential buildings activity grew at a 16.7% annual rate, nearly triple the previous growth estimate. Economists are generally forecasting much stronger growth in 1Q2013.

Africa

Kenya Sets up Agency for USD 29.24 Billion LAPSET

Kenya sets up authority to manage LAPSET project

Kenya has set up an autonomous agency to manage the implementation of a mega infrastructure project targeted at improving trade with the neighboring South Sudan and Ethiopia. The Lamu Port South Sudan Ethiopia Corridor (Lapsset) Development Authority will manage the KES 2.5 trillion (USD 29.24 billion) project on behalf of the government. The headquarters of the authority shall be in Nairobi with offices in Lamu, Isiolo, Lokichogio, Marsabit and Moyale. The project is aimed at cutting over-reliance on the Mombasa port, deepening trade in East Africa and opening up northern Kenya.

Equity market Summary

Top Gainers

	Price	%ch	EPS	DPS	PE
Standard Group	31.00	25.3%	2.96	0.00	10.5
Jubilee Holdings	258.00	15.2%	33.00	4.50	7.8
Centum Investment	19.90	14.7%	1.79	0.00	11.1
Equity Bank	33.25	10.8%	3.26	1.25	10.20
Nation Media Group	355.00	10.6%	15.90	10.00	22.32

Top Losers

	Price	%ch	EPS	DPS	PE
Total Kenya	13.10	-10.0%	3.05	0.00	4.29
Sameer Africa	5.05	-6.5%	0.68	0.25	7.43
Unga Group	14.00	-5.4%	2.81	0.75	4.98
KenolKobil	10.00	-4.8%	2.21	1.00	4.52
Trans-Century	32.50	-3.0%	1.23	0.25	26.42

Top Traders as at 28th March 2013

	Price	Volume Traded	% Price ch	EPS	PE
Safaricom	6.00	6,930,800	3.4%	0.32	18.75
Equity Bank	33.25	1,689,300	10.8%	3.26	10.20
CIC Insurance	5.45	1,637,300	-0.9%	0.27	20.19
Mumias Sugar	4.50	1,197,700	0.0%	1.32	3.41
KCB	41.50	1,184,000	7.8%	4.11	10.09

The NSE 20 share index and NASI gained by 147.23 points and 4.46 points to close the week at 4860.83 points and 117.91 points respectively.



Source: Bloomberg

Agricultural sector

Kakuzi gained by 5.3% w-o-w

Kakuzi gained by 5.3% w-o-w to close at KES 80.00, trading a total of 5,000 shares on 28th March 2013. The counter dropped by 14.6% w-o-w the previous week.

Sasini edged up by 0.8% w-o-w to close at KES 11.95, trading a total of 11,100 shares on 28th March 2013.

Banking Sector

Equity Bank gained by 10.8% w-o-w to close at KES 33.25

Barclays Kenya gained by 2.4% w-o-w to close at KES 17.00, trading a total of 1.1 million shares on 28th March 2013.

Equity Bank gained by 10.8% w-o-w to close at KES 33.25 as the fourth top gainer of the week, trading a total of 1.7 million shares on 28th March 2013.

KCB gained by 7.8% w-o-w to close at KES 41.50

Kenya Commercial Bank gained by 7.8% w-o-w to close at KES 41.50, trading 1.2 million shares on 28th March 2013.

NIC bank gained by 8.6% w-o-w to close at KES 53.50, trading a total of 117,300 shares on 28th March 2013.

National Bank of Kenya dropped by 1.1% to close the week at KES 22.25, trading a total of 127,400 shares on 28th March 2013. The counter gained by 11.1% w-o-w the previous week due to investor speculation before announcement of results. We are likely to see price correction on the counter after the company announced a 53% drop in profit before tax.

Co-op Bank gained by 9.3% w-o-w

The Co-operative Bank gained by 9.3% to close the week at KES 16.40, trading a total of 1.1 million shares.

Commercials and Services Sector

Kenya Airways dropped by 0.5% w-o-w to close at KES 10.95, trading a total of 466,800 shares on 28th March 2013. The counter dropped by 3.5% w-o-w the previous week.

Nation Media Group gained by 10.6% w-o-w to close at KES 355.00

Nation Media Group gained by 10.6% w-o-w to close at KES 355.00 as the fifth top gainer of the week, trading a total of 10,200 shares on 28th March 2013. The counter rallied by 13.8% w-o-w the previous week. The group posted a 24.7% rise in profit before tax and a 25% growth in dividends.

Scangroup dropped by 0.7% w-o-w to close at KES 71.50, trading a total of 55,400 shares during the week.

Standard Group gained by 25.3% w-o-w

Standard Group gained by 25.3% w-o-w to close at KES 31.00 as the top gainer of the week, trading a total of 500 shares on 28th March 2013.

Construction & Allied Sector

Athi River Mining gained by 1.5% w-o-w to close at KES 68.50, trading a total of 43,000 shares on 28th March 2013. The counter dropped by 2.2% w-o-w the previous week.

Bamburi Cement dropped by 0.9% w-o-w to close at KES 217.00 trading a total of 2,800 shares during the week.

E.A. Portland Cement gained by 1.9% w-o-w to close at KES 53.00, trading a total of 20,200 shares on 28th March 2013.

E.A. Cables gained by 3.2% w-o-w to close at KES 15.95, trading a total of 16,500 shares on 28th March 2013.

Energy and Petroleum Sector

KenGen gained by 8.6% w-o-w to close at KES 14.60

KenGen gained by 8.6% w-o-w to close at KES 14.60, trading a total of 677,300 shares on 28th March 2013. The counter gained by 2.7% w-o-w the previous week.

KenolKobil dropped by 4.8% w-o-w to close at KES 10.00 as the fourth top loser of the week, trading a total of 620,300 shares during the week. The counter dropped by 9.1% w-o-w the previous week.

Total Kenya dropped by 10.0% w-o-w after announcing loss

Total Kenya dropped by 10.0% w-o-w to close at KES 13.10 as the top loser of the week, trading a total of 6,600 shares on 28th March 2013. The counter dropped by 6.4% w-o-w the previous week. The company announced a loss before tax of KES 64.3 million for FY2012.

Insurance Sector

Britam Investments gained by 3.0% w-o-w to close at KES 8.70, trading a total of 582,600 shares on 28th March 2013.

CIC Insurance dropped by 0.9% w-o-w to close at KES 5.45, trading a total of 1.6 million shares on 28th March 2013. The counter gained by 11.1% w-o-w the previous week due to investor speculation ahead of the FY2012 results announcement. The company announced a 109.5% jump in Profit before Tax to KES 1.7 billion in FY2012.

Kenya Re gained by 8.0% w-o-w

Kenya Re gained by 8.0% w-o-w to close at KES 15.60, trading a total of 118,300 shares on 28th March 2013.

Pan Africa Insurance gained by 6.3% w-o-w to close at KES 59.00, trading a total of 89,100 shares.

Investment Sector

Centum Investment gained by 14.7% w-o-w

Centum Investments gained by 14.7% w-o-w to close at KES 19.90 as the third top gainer of the week, trading a total of 315,200 shares on 28th March 2013. The counter gained by 8.4% w-o-w the previous week.

Trans-Century dropped by 3.0% w-o-w to close at KES 32.50, trading a total of 16,700 shares on 28th March 2013. The counter dropped by 2.9% w-o-w the previous week.

Manufacturing & Allied Sector

British American Tobacco gained by 1.9% w-o-w to close at KES 540.00, trading a total of 15,700 shares on 28th March 2013.

Mumias Sugar remained unchanged w-o-w to close at KES 4.50, trading a total of 1.2 million shares on 28th March 2013.

Eveready gained by 7.5% w-o-w to close at KES 2.15, trading a total of 81,400 shares on 28th March 2013.

Unga Group dropped by 5.4% w-o-w to close at KES 14.00 as the third top loser of the week, trading a total of 14,400 shares on 28th March 2013.

Telecommunication & Technology Sector

Access Kenya gained by 4.7% w-o-w

Access Kenya gained by 4.7% w-o-w to close at KES 8.85, trading a total of 395,900 shares on 28th March 2013. The company recently announced a 62% rise in profit before tax. The counter rose by 20.7% w-o-w the previous week.

Safaricom gained by 3.4% w-o-w to close at KES 6.00, trading a total of 6.9 million shares on 28th March 2013.

Bond market

Primary Market

Bids accepted in the 91 day T-bill auction amounted to KES 3.0 billion

The week saw the government put up the 91 day, 182 day and 364 day T- bills for auction and managed to raise KES 19.58 billion out of a target of KES 11.0 billion.

Bids received in the 91 day T-bill auction amounted to KES 5.4 billion (181.3% subscription). The bids that were accepted amounted to KES 3.0 billion and were accepted at a weighted average rate of 10.467% which was up 0.149% compared to a rate of 10.318% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 4.61 billion (153.57% subscription). The bids that were accepted amounted to KES 2.72 billion and were accepted at a weighted average rate of 10.803%.

Bids received in the 364 day T-bill auction amounted to KES 26.63 billion (532.62% subscription). The bids that were accepted amounted to KES 13.86 billion and were accepted at a weighted average rate of 12.676%.

The Secondary Market

The secondary bond market turnover closed the week at KES 6.47 billion. A total of 70 deals were transacted during the week compared to 142 deals transacted during the previous week.

During the week under review, the average traded yield on the six year paper stood at 10.09% while the average traded yield on long term papers such as the fifteen year paper stood at 13.75%.

Market Outlook

Following the conclusion of the presidential petition, we expect demand for stocks to start trickling in with a number of counters gaining interest from both retail and institutional investors.

Counter	Recommendation	Comment
Equity Bank	BUY	Our revised price target is KES 39.07. We however expect that the price may soon surge past the target price following renewed interest from investors.
Centum	SPECULATIVE BUY	The stock is trading at close to the NAV of KES 21 (1H2013). However, due to the expected positive results announcement, the stock's current demand outstrips supply. We could see a sustained surge in price as the NAV is expected to rise from the current level after release of results for the year ending March 2013.