



Faida Weekly Report (Week 15)

Week ending April 12, 2013

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International Highlights

Europe

Professionals Leave Greece Amid Crisis

Study reveals that brain drain is on the rise in Greece

A new study has revealed that Greece's high unemployment and shrinking economy are leading to significant brain drain. The number of young scientists leaving Greece has become increasingly high, as more professionals abandon their homeland for better opportunities abroad. According to a recent study by the University of Thessaloniki, more than 120,000 professionals have left Greece since the start of the country's financial crisis in 2010. Professionals have found it increasingly difficult to find work amid deep cuts to funding of health care and other publicly supported sectors.

Asia

Fitch Issues Warning Over Debt Levels In China

Fitch Ratings issues warning over debt levels in China

Fitch Ratings has issued a warning over excessive debt levels in China citing a surge in credit and reliance on opaque lending practices which threatens the country's financial stability. Fitch cut China's long-term local currency rating to A+ from AA-, bringing it in line with the country's foreign debt rating. The ratings agency cited structural weakness in China's economy, expansion of easy credit and the rise of an opaque shadow banking system. In response to the global financial crisis in 2008, China moved to stimulate the economy by increasing the amount of available credit.

U.S

2014 Budget Calls For Carried Interest Rate Elimination

2014 Budget calls for reduced tax incentives and Interest rate elimination

President Barack Obama's 2014 fiscal budget proposal unveiled last week reiterated calls for reducing tax incentives for retirement savings on higher income taxpayers with a new call to cap individual retirement accounts at USD 3 million.

The budget also advocates for eliminating the carried interest rate paid by general partners in private equity and other alternative investments, higher premiums charged by the Pension Benefit Guaranty Corp. and higher employee contributions to federal retirement accounts.

Africa

Portugal's Unemployed Heading to Mozambique

Portugal's unemployed finding their way back to former colony

40 years after Mozambique's independence, many of Portugal's unemployed are finding their way back to the former colony. With Portugal struggling economically, many now see Mozambique as holding better more prospects than home. Henrique Banze, Mozambique's deputy foreign minister, stated that there are about 200 tourist and working visas being granted every day, marking a "huge increase" on recent years. The vast majority, around 20,000, base themselves in Maputo, where the majority of business opportunities exist. The jobless rate in Portugal is more than 17% making it among the highest in the Eurozone. There is also a perception that Mozambique's growth rate and stable government makes a conducive business environment. Recent gas discoveries have also added optimism.

Economic Highlights

Currency Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	84.86	84.79	84.19	84.19
EURO/KES	109.61	110.70	110.05	110.34
GBP/KES	129.21	129.82	129.24	129.53

Kenya Shilling strengthens against the USD

Last week, the Kenya Shilling strengthened against the USD while weakening slightly against the Euro and GBP to close the week at a mean of KES 84.19, KES 110.34 and KES 129.53 respectively.

The Kenya Shilling is expected to weaken in the coming weeks as businesses increase demand for the USD after a month of election-related uncertainty.

Company Highlights

KCB Plans Expansion into Ethiopia and Somalia

KCB seeks to open subsidiaries in Ethiopia, Somalia and Congo

Kenya Commercial Bank (KCB) is seeking to establish foreign subsidiaries in Ethiopia, Somalia and the Democratic Republic of Congo. This is in a bid to cut reliance on the Kenyan market which accounts for 90% of the bank's earnings.

NIC Bank sets aside KES 608 million for Tanzanian Subsidiary

NIC Bank sets aside KES 608 million for Tanzanian Subsidiary

NIC bank is to set aside KES 608 million to invest in the Tanzanian subsidiary rights issue. An additional KES 374 million has also been set aside to buy more shares in the Tanzanian subsidiary. Funds raised for the rights issue would be used in branch expansion. Currently, the bank has branches in Dar es Salaam, Mwanza, Arusha and Kahama.

Equity market Summary

Top Gainers

	Price	%ch	EPS	DPS	PE
Eveready E.A.	3.50	27.3%	-0.59	0.00	-5.93
Express Kenya	4.25	21.4%	-6.47	0.00	-0.66
Liberty Kenya Holdings	13.30	18.2%	1.72	0.40	7.73
Olympia Capital	4.65	16.3%	0.38	0.10	12.24
Williamson Tea	274.00	9.6%	93.74	57.50	2.92

Top Losers

	Price	%ch	EPS	DPS	PE
Standard Group	35.00	-5.4%	2.96	0.00	11.82
Access Kenya	8.80	-5.4%	0.69	0.30	12.75
Unga Group	15.55	-5.2%	2.81	0.75	5.53
Scangroup	69.50	-4.8%	2.21	0.60	31.45
Carbacid Investments	130.00	-3.7%	11.46	5.00	11.34

Top Traders

	Price	Volume Traded	% Price ch	EPS	PE
Safaricom	6.50	54,587,800	3.2%	0.32	20.31
Mumias Sugar	4.95	5,289,200	5.3%	1.32	3.75
KenolKobil	10.40	5,086,600	-1.9%	-4.26	-2.44
Britam Investments	9.00	5,078,500	-1.6%	1.40	6.43
KCB	42.00	4,826,300	-1.2%	4.11	10.22

The NSE 20 share index and NASI gained by 34.82 points and 1.06 points to close the week at 5020.50 points and 121.71 points respectively.



Source: Bloomberg

Agricultural sector

The Agricultural sector closed the week at a PE of 4.70x as compared to the previous week's PE of 4.56x.

Limuru Tea gained by 2.2% w-o-w to close at KES 470.00, trading a total of 100 shares during the week.

Kapchorua Tea Company remained unchanged w-o-w to close at KES 125.00, trading a total of 5,000 shares during the week.

Rea Vipingo gained by 4.6% w-o-w

Rea Vipingo gained by 4.6% w-o-w to close at KES 23.00, trading a total of 38,400 shares during the week. The counter gained by 6.0% w-o-w the previous week.

Williamson Tea gained by 9.6% w-o-w

Williamson Tea gained by 9.6% w-o-w to close the week at KES 274.00 as the fifth top gainer of the week, trading a total of 1,100 shares. The counter gained by 9.7% w-o-w the previous week.

Banking Sector

The Banking sector closed the week at a PE of 10.13x as compared to the previous week's PE of 10.06x.

National Bank of Kenya gained by 3.4% w-o-w

National Bank of Kenya gained by 3.4% w-o-w to close at KES 22.75 as the top gainer in the banking category, trading a total of 566,900 shares during the week.

Barclays Bank gained by 1.5% w-o-w to close at KES 17.50, trading a total of 1.7 million shares during the week.

Standard Chartered Bank gained by 1.6% w-o-w to close at KES 317.00, trading a total of 79,400 shares.

Kenya Commercial Bank dropped by 1.2% w-o-w to close at KES 42.00 as the fifth top trader of the week, trading 4.8 million shares during the week.

Housing Finance dropped by 2.0% w-o-w to close at KES 24.50, trading a total 653,100 shares during the week.

Commercials and Services Sector

The Commercial and Services Sector closed the week at a PE of 12.48x as compared to the previous week's PE of 12.11x.

Express Kenya gained by 21.4% w-o-w

Express Kenya gained by 21.4% w-o-w to close at KES 4.25 as the second top gainer of the week, trading a total of 1,900 shares during the week.

Kenya Airways gained by 0.5% w-o-w to close at KES 10.95, trading a total of 1.1 million shares during the week.

Nation Media Group gained by 4.2% w-o-w to close at KES 395.00, trading a total of 109,200 shares during the week. The counter gained by 6.8% w-o-w the previous week.

Scangroup dropped by 4.8% w-o-w

Scangroup dropped by 4.8% w-o-w to close at KES 69.50 as the fourth top loser of the week, trading a total of 241,100 shares during the week.

Standard Group dropped by 5.4% w-o-w

Standard Group dropped by 5.4% w-o-w to close at KES 35.00 as the top loser of the week, trading a total of 39,300 shares during the week. The counter gained by 19.4% w-o-w the previous week. Price appreciation may be linked to investor speculation before the group's results announcement.

Uchumi supermarket gained by 1.2% w-o-w to close at KES 22.00, trading a total of 602,800 shares during the week.

Construction & Allied Sector

The Construction and Allied sector closed the week at a PE of 21.88x as compared to the previous week's PE of 21.94x.

Bamburi Cement remained unchanged w-o-w to close at KES 205.00, trading a total of 185,000 shares during the week.

E.A. Portland Cement dropped by 1.8% w-o-w

E.A. Portland Cement dropped by 1.8% w-o-w to close at KES 56.00, trading a total of 11,500 shares during the week. The counter gained by 7.6% w-o-w the previous week.

Crown Paints gained by 0.9% w-o-w to close at KES 55.00, trading a total of 9,900 shares during the week. The counter gained by 13.5% w-o-w the previous week.

Energy and Petroleum Sector

The Energy and Petroleum sector closed the week at a PE of 31.98x as compared to the previous week's PE of 8.24x.

KenGen gained by 3.6% w-o-w

KenGen gained by 3.6% w-o-w to close at KES 15.90, trading a total of 2.4 million shares during the week. The counter gained by 5.1% w-o-w the previous week.

KenolKobil dropped by 1.9% w-o-w to close at KES 10.40

KenolKobil dropped by 1.9% w-o-w to close at KES 10.40 as the third top trader, trading a total of 5.1 million shares during the week. The counter gained by 6.0% w-o-w the previous week.

Total Kenya gained by 4.2% w-o-w to close at KES 16.05, trading a total of 78,100 shares during the week. The counter gained by 17.6% w-o-w the previous week.

Insurance Sector

The Insurance sector closed the week at a PE of 6.88x.

Britam dropped by 1.6% w-o-w to close at KES 9.00

Britam Investments dropped by 1.6% w-o-w to close at KES 9.00 as the fourth top trader, trading a total of 5.1 million shares during the week. The counter gained by 5.2% w-o-w the previous week.

CIC Insurance dropped by 1.8% w-o-w to close at KES 5.60, trading a total of 2.6 million shares during the week.

Jubilee Holdings gained by 7.6% w-o-w

Jubilee Holdings gained by 7.6% w-o-w to close at KES 269.00, trading a total of 61,900 shares during the week.

Kenya Re gained by 4.3% w-o-w

Kenya Re gained by 4.3% w-o-w to close at KES 16.90, trading a total of 783,500 shares during the week. The counter gained by 3.9% w-o-w the previous week.

Liberty Kenya Holdings gained by 18.2% w-o-w to close at KES 13.30 as the third top gainer of the week, trading a total of 776,800 shares during the week. The counter gained by 11.9% w-o-w the previous week.

Investment Sector

The Investment sector closed the week at a PE of 15.45x as compared to the previous week's PE of 16.44x.

Centum Investments gained by 3.7% w-o-w

Centum Investments gained by 3.7% w-o-w to close at KES 21.25 trading a total of 1.2 million shares during the week. The counter gained by 3.0% w-o-w the previous week.

Olympia Capital gained by 16.3% w-o-w

Olympia Capital gained by 16.3% w-o-w to close at KES 4.65 as the fourth top gainer of the week, trading a total of 34,600 shares during the week.

Trans-Century dropped by 2.8% w-o-w to close at KES 34.75

Trans-Century dropped by 2.8% w-o-w to close at KES 34.75, trading a total of 386,200 shares during the week. The counter gained by 10.0% w-o-w the previous week.

Manufacturing & Allied Sector

The Manufacturing and Allied sector closed the week at a PE of 18.72x as compared to the previous week's PE of 18.84x.

Carbacid Investments dropped by 3.7% w-o-w to close at KES 130.00 as the fifth top loser of the week, trading a total of 10,100 shares during the week.

Mumias Sugar gained by 5.3% w-o-w

Mumias Sugar gained by 5.3% w-o-w to close at KES 4.95 as the second top trader of the week, trading a total of 5.3 million shares during the week. The counter gained by 4.4% w-o-w the previous week.

Eveready gained by 27.3% w-o-w

Eveready gained by 27.3% w-o-w to close at KES 3.50 as the top gainer of the week, trading a total of 1.3 million shares, a 52.6% jump in volumes traded. The counter gained by 27.9% w-o-w the previous week.

Unga Group dropped by 5.2% w-o-w to close at KES 15.55 as the third top loser of the week, trading a total of 27,900 shares during the week. The counter gained by 17.1% w-o-w the previous week.

Telecommunication & Technology Sector

The Telecommunication and Technology sector closed the week at a PE of 20.23x as compared to the previous week's PE of 19.62x.

Access Kenya dropped by 5.4% w-o-w

Access Kenya dropped by 5.4% w-o-w to close at KES 8.80 as the second top loser of the week, trading a total of 644,200 shares during the week.

Safaricom gained by 3.2% w-o-w

Safaricom gained by 3.2% w-o-w to close at KES 6.50 as the top trader of the week, trading a total of 54.5 million shares during the week.

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 19.48 billion out of a target of KES 11.0 billion.

Bids received in the 91 day T-bill auction amounted to KES 1.67 billion

Bids received in the 91 day T-bill auction amounted to KES 1.67 billion (56% subscription). The bids that were accepted amounted to KES 1.43 billion and were accepted at a weighted average rate of 10.423% which was down 0.118% compared to a rate of 10.541% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 4.27 billion (142% subscription). The bids that were accepted amounted to KES 3.36 billion and were accepted at a weighted average rate of 10.827%.

Bids received in the 364 day T-bill auction amounted to KES 21.61 billion (432% subscription). The bids that were accepted amounted to KES 14.69 billion and were accepted at a weighted average rate of 12.504%.

The Secondary Market

Secondary bond market turnover closed the week at KES 9.32 billion

The secondary bond market turnover closed the week at KES 9.32 billion, a 25.4% increase from KES 7.43 billion recorded the previous week. A total of 77 deals were transacted during the week compared to 120 deals transacted during the previous week.

During the week under review, the average traded yield on the five year paper stood at 12.5500% while the average traded yield on long term papers such as the fifteen year paper stood at 13.4208%.