



Faida Weekly Report (Week 16)

Week ending April 19, 2013

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International Highlights

EUROPE

German Research Institutes Foresee Renewed Growth

Germany's economy is bouncing back from a downturn

According to Germany's leading economic research institutes, Germany's economy is bouncing back from a downturn. In their biannual report released last week, the institutes stated that Germany would experience growth, moderate inflation and fewer unemployed this year (2013). The institutes forecast unemployment falling to an average of 6.7% for 2013 from 6.8% in 2012. Inflation is expected to remain at 1.7% while the government budget should be balanced.

ASIA

Chinese Government in Effort to Boost Domestic Consumption

Chinese Government to focus on boosting domestic consumption

The Chinese Government has listed boosting domestic consumption and maintaining proper investment scale as an important economic task. The State Council (China's cabinet), last week analyzed the domestic economic situation in the first quarter, vowing to coordinate the targets of maintain steady growth, maintaining inflation at acceptable levels and guarding against risks in future economic work.

U.S

Consumer Comfort in U.S. Reaches New High

Bloomberg Consumer Comfort Index rose to minus 29.2

The Bloomberg Consumer Comfort Index rose to minus 29.2 in the week ended April 14, the highest since January 2008, from minus 34 during the prior period. Last week's gain in confidence was broad-based with every age group, all regions and most income brackets showing an advance. In another report, the Labor Department stated that first-time jobless claims climbed by 4,000 to 352,000 in the week ended April 13.

AFRICA

IMF Forecasts Solid Economic Growth for Africa

IMF forecasts sub-Saharan Africa GDP to increase 5.6% in 2013

According to the latest IMF economic forecasts, economies in sub-Saharan Africa will withstand the bumpy global recovery in the next few years to post growth rates not seen outside Asia. The report states that the regional GDP is expected to increase 5.6% in 2013 to be among the fastest rates seen anywhere in the world. Swaziland and Equatorial Guinea are the only two countries expected to see their economies shrink. Resource-rich economies like Nigeria (7.2% growth) and developing lower-income economies like Mozambique (8.4% growth) are expected to lead the way.

Economic Highlights

Currency Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	84.19	83.99	83.79	83.82
EURO/KES	110.34	110.53	109.34	109.52
GBP/KES	129.53	128.75	127.77	128.14

Kenya Shilling strengthens against the USD, Euro and GBP.

The week under review saw the Kenya Shilling strengthen slightly against the USD, Euro and GBP closing the week at a mean of KES 83.82, 109.52 and 128.14 respectively.

This can be attributed to subtle dollar demand as investor confidence in the country remained high in anticipation of the announcement of the cabinet. Notably, the week under review also saw the approval of the disbursement of KES 9 billion (USD110.9 million) by the International Monetary Fund (IMF).

Going forward, we are likely to see increased dollar demand by importers meeting their end month obligations.

High Mortgage Rates Offset Rental Income Gains

High mortgage costs have raised repayment rates on house loans

A survey by real estate firm The Mortgage Company (TMC) has showed that high mortgage costs have raised repayment rates on house loans to double the rental earnings on property. According to the report released last week, developers of mortgaged financed houses who rent out units are incurring losses when they factor in mortgage repayments. Carol Kariuki, CEO of TMC, noted that only one lender, the Co-operative Bank, had cut its rates to 15.75% in 1Q2013 despite a fall in inflation and the Central Bank Rate.

Company Highlights

Kenya Power to Spend KES 100 Billion in Capital Expenditure

Kenya Power to spend KES 20 billion to boost distribution capacity and reduce outages

Kenya Power intends to spend KES 20 billion every year for the next five years to boost its distribution capacity and reduce outages. The CEO stated that the money would be raised through retained earnings and debt. The company plans to use the funds to build underground cables, shift from wooden to concrete poles and increase transmission stations.

KQ to hire 11 foreign pilots

Kenya Airways to hire 11 expatriate pilots

Kenya Airways (KQ) is set to hire 11 expatriate pilots this year to support its expansion amid tough conditions from the fliers' union opposed to the plan. The airline cited lack of experienced pilots, especially for long haul trips, had forced it to look for foreigners. The expansion plan will see the airline grow its fleet from 34 to 62 planes by 2016. The airline requires 60 more pilots in the fleet-doubling plan, but the Kenya Airlines Pilots Association (Kalpa) stated that they had agreed with KQ to hire a maximum of 13 pilots.

Deposits in Mobile Money Subscriber accounts increased 10%

Number of mobile money transactions grew by 9.4%

According to a report by the Communications Commission of Kenya (CCK), total deposits held in mobile money subscriber accounts of the country's four mobile firms (Safaricom, Airtel, Yu and Orange) increased 10% between October 2012 to December 2012 to KES 226 billion. The report also highlighted that the number of mobile money transfer subscribers grew by 9.4% to 21.1 million up from 19.3 million recorded in the previous period. Although CCK did not breakdown the amount held by each firm, Safaricom's M-Pesa is regarded to have the majority of the deposits.

Equity market Summary

Top Gainers

	Price	%ch	EPS	DPS	PE
Olympia Capital	5.75	23.7%	0.38	0.10	15.13
Car & General	28.75	7.5%	7.78	0.55	3.70
Total Kenya	17.00	5.9%	-0.32	0.00	-53.13
Carbacid Investments	137.00	5.4%	11.46	5.00	11.95
Trans-Century	36.50	5.0%	1.66	0.40	21.99

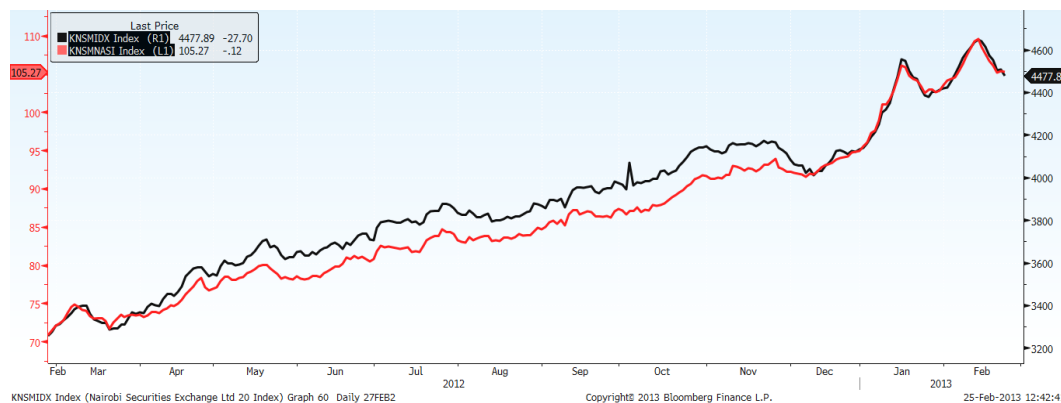
Top Losers

	Price	%ch	EPS	DPS	PE
Nation Media Group	287.00	-27.3%	15.90	10.00	18.05
Eveready E.A.	2.90	-17.1%	-0.59	0.00	-4.92
Williamson Tea Kenya	230.00	-16.1%	93.74	57.50	2.45
Equity Bank	33.00	-5.7%	3.26	1.25	10.12
Standard Group	33.00	-5.7%	2.96	0.00	11.15

Top Traders

	Price	Volume Traded	% Price ch	EPS	PE
Safaricom	6.60	105,612,600	1.5%	0.32	20.63
KCB	40.75	18,338,200	-3.0%	4.11	9.91
Equity Bank	33.00	6,579,800	-5.7%	3.26	10.12
Barclays Bank	17.40	4,887,400	-0.6%	1.61	10.81
Britam	8.90	4,644,800	-1.1%	1.40	6.36

The NSE 20 share index and NASI dropped by 152.21 points and 2.72 points to close the week at 4868.29 points and 118.99 points respectively.



Source: Bloomberg

Agricultural sector

The Agricultural sector closed the week at a PE of 4.49x compared to the previous week's PE of 4.70x.

Kapchorua Tea Company gained by 4.0%

Kapchorua Tea Company gained by 4.0% w-o-w to close at KES 130.00, trading a total of 300 shares during the week.

Rea Vipingo dropped by 3.3% w-o-w to close at KES 22.25, trading a total of 266,600 shares during the week. The counter gained by 4.6% w-o-w the previous week.

Williamson Tea dropped by 16.1%

Williamson Tea dropped by 16.1% w-o-w to close the week at KES 274.00 as the third top loser of the week, trading a total of 8,100 shares. The counter gained by 9.6% w-o-w the previous week.

Banking Sector

The Banking sector closed the week at a PE of 9.82x compared to the previous week's PE of 10.13x.

NIC Bank gained 2.9% w-o-w

NIC Bank gained 2.9% w-o-w to close at KES 54.00 as the top gainer in the banking category, trading a total of 365,700 shares during the week.

Equity Bank dropped by 5.7% w-o-w

Equity Bank dropped by 5.7% w-o-w to close at KES 33.00 as the fourth top loser of the week and the third top trader of the week, trading a total of 6.6 million shares during the week.

Barclays Bank dropped by 0.6% w-o-w to close at KES 17.40 as the fourth top trader of the week, trading a total of 4.9 million shares.

KCB dropped by 3.0% w-o-w

Kenya Commercial Bank dropped by 3.0% w-o-w to close at KES 40.75 as the second top trader of the week, trading a total of 18.3 million shares during the week.

Standard Chartered Bank dropped by 5.7% w-o-w to close at KES 299.00, trading a total of 155,500 shares, a 95.8% jump in volumes traded. The counter gained 1.6% w-o-w the previous week.

Housing Finance gained 1.0% w-o-w to close at KES 24.75, trading a total 738,600 shares during the week. The counter dropped by 2.0% w-o-w the previous week.

Commercials and Services Sector

The Commercial and Services Sector closed the week at a PE of 10.57x compared to the previous week's PE of 12.48x.

Kenya Airways remained unchanged w-o-w

Kenya Airways remained unchanged w-o-w to close at KES 10.95, trading a total of 2.4 million shares during the week. The counter gained 0.5% w-o-w the previous week.

Nation Media Group dropped by 27.3% w-o-w

Nation Media Group dropped by 27.3% w-o-w to close at KES 287.00 as the top loser of the week, trading a total of 67,900 shares during the week. The counter gained 4.2% w-o-w the previous week.

Scangroup dropped by 5.0% w-o-w

Scangroup dropped by 5.0% w-o-w to close at KES 66.00, trading a total of 75,500 shares during the week. The counter dropped by 4.8% w-o-w the previous week.

Standard Group dropped by 5.7% w-o-w to close at KES 33.00

Standard Group dropped by 5.7% w-o-w to close at KES 33.00 as the fifth top loser of the week, trading a total of 35,700 shares during the week. The counter dropped by 5.4% w-o-w the previous week. The counter seems to be cooling off after a price appreciation linked to investor speculation before the group's results announcement.

Uchumi supermarket gained 2.3% w-o-w to close at KES 22.50, trading a total of 319,600 shares during the week. The counter gained 1.2% w-o-w the previous week.

Construction & Allied Sector

The Construction and Allied sector closed the week at a PE of 21.85x compared to the previous week's PE of 21.88x.

ARM dropped by 0.7% to KES 67.00, trading a total of 768,200 shares during the week.

Bamburi Cement remained unchanged w-o-w to close at KES 205.00, trading a total of 243,900 shares during the week.

E.A. Portland Cement edged up 1.8% w-o-w

E.A. Portland Cement edged up by 1.8% w-o-w to close at KES 57.00, trading a total of 1.1 million shares during the week.

E.A. Cables dropped 0.3% w-o-w to close at KES 16.70, trading a total of 252,300 shares during the week.

Energy and Petroleum Sector

The Energy and Petroleum sector closed the week at a PE of 31.54x compared to the previous week's PE of 31.98x.

KenGen dropped 1.3% w-o-w to close at KES 15.70

KenGen dropped 1.3% w-o-w to close at KES 15.70, trading a total of 2.2 million shares during the week. The counter gained by 3.6% w-o-w the previous week.

KenolKobil dropped 1.4% w-o-w to close at KES 10.25, trading a total of 1.6 million shares during the week. The counter dropped 1.9% w-o-w the previous week.

Total Kenya gained by 5.9% w-o-w

Total Kenya gained 5.9% w-o-w to close at KES 17.00 as the third top gainer of the week, trading a total of 184,500 shares during the week. The counter gained 4.2% w-o-w the previous week.

Insurance Sector

The Insurance sector closed the week at a PE of 7.10x compared to the previous week's PE of 6.88x.

Britam Investments dropped 1.1% w-o-w

Britam Investments dropped by 1.1% w-o-w to close at KES 8.90 as the fifth top trader, trading a total of 4.6 million shares during the week. The counter dropped 1.6% w-o-w the previous week.

CIC Insurance dropped by 3.6% w-o-w

CIC Insurance dropped by 3.6% w-o-w to close at KES 5.40, trading a total of 3.3 million shares during the week. The counter dropped 1.8% w-o-w the previous week.

Kenya Re gained 5.0% w-o-w

Kenya Re gained 5.0% w-o-w to close at KES 17.75, trading a total of 2.8 million shares during the week. The counter gained 4.3% w-o-w the previous week. Price appreciation could be as a result of investor speculation before the results announcement this week.

Liberty Kenya Holdings dropped by 2.3% w-o-w

Liberty Kenya Holdings dropped by 2.3% w-o-w to close at KES 13.00, trading a total of 519,100 shares during the week. The counter gained by 18.2% w-o-w the previous week.

Investment Sector

The Investment sector closed the week at a PE of 15.95x as compared to the previous week's PE of 15.45x.

Centum Investments gained by 2.4% w-o-w

Centum Investments gained by 2.4% w-o-w to close at KES 21.75 trading a total of 3.3 million shares during the week. The counter gained by 3.7% w-o-w the previous week.

Olympia Capital gained by 23.7% w-o-w

Olympia Capital gained by 23.7% w-o-w to close at KES 5.75 as the top gainer of the week, trading a total of 119,900 shares during the week. The counter gained by 16.3% w-o-w the previous week.

Trans-Century gained by 5.0% w-o-w to close at KES 36.50 as the fifth top gainer of the week, trading a total of 411,000 shares during the week. The counter dropped by 2.8% w-o-w the previous week.

Manufacturing & Allied Sector

The Manufacturing and Allied sector closed the week at a PE of 18.54x as compared to the previous week's PE of 18.72x.

B.A.T gained by 2.2% w-o-w

British American Tobacco gained by 2.2% w-o-w to close at KES 554.00, trading a total of 126,400 shares during the week.

Carbacid Investments gained by 5.4% w-o-w to close at KES 137.00 as the fourth top gainer of the week, trading a total of 3,200 shares during the week.

Mumias Sugar dropped by 4.0% w-o-w to close at KES 4.75

Mumias Sugar dropped by 4.0% w-o-w to close at KES 4.75, trading a total of 3.9 million shares during the week. The counter gained by 5.3% w-o-w the previous week.

Eveready dropped by 17.1% to close at KES 2.90

Eveready dropped by 17.1% w-o-w to close at KES 2.90 as the second top loser of the week, trading a total of 595,700 shares during the week. The counter gained by 27.3% w-o-w the previous week.

East African Breweries dropped by 1.6% w-o-w to close at KES 299.00, trading a total of 1.8 million shares during the week.

Telecommunication & Technology Sector

The Telecommunication and Technology sector closed the week at a PE of 20.54x as compared to the previous week's PE of 20.23x.

Access Kenya gained by 2.8% w-o-w to close at KES 9.05

Access Kenya gained by 2.8% w-o-w to close at KES 9.05, trading a total of 1.7 million shares during the week.

Safaricom gained 1.5% w-o-w to close at KES 6.60

Safaricom gained 1.5% w-o-w to close at KES 6.60 as the top trader of the week, trading a total of 105.6 million shares during the week. The counter gained by 3.2% w-o-w the previous 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 20.34 billion out of a target of KES 11.0 billion.

Bids accepted in the 91 day T-bill auction amounted to KES 4.53 billion

Bids received in the 91 day T-bill auction amounted to KES 5.82 billion (194% subscription). The bids that were accepted amounted to KES 4.53 billion and were accepted at a weighted average rate of 10.258% which was down 0.165% compared to a rate of 10.423% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 1.97 billion (66% subscription). The bids that were accepted amounted to KES 1.92 billion and were accepted at a weighted average rate of 10.637%.

Bids received in the 364 day T-bill auction amounted to KES 22.95 billion (459% subscription). The bids that were accepted amounted to KES 13.88 billion and were accepted at a weighted average rate of 12.405%.

The Secondary Market

Secondary bond market turnover closed the week at KES 9.55 billion

The secondary bond market turnover closed the week at KES 9.55 billion, a 2.5% increase from KES 9.32 billion recorded the previous week. A total of 96 deals were transacted during the week compared to 77 deals transacted during the previous week.

During the week under review, the average traded yield on the five year paper (FXD 3/2008/5Yr) stood at 11.5000% while the average traded yield on long term papers such as the fifteen year paper (FXD1/2012/15Yr) stood at 13.2750%.