



Faida Weekly Report (Week 17)

Week ending April 26, 2013

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International Highlights

EUROPE

UK Economy Avoids Recession

UK economy grew 0.3% in 1Q2013

The UK economy has avoided a recession after recording faster-than-expected growth in the first three months of the year. According to the Office for National Statistics, the first estimates for gross domestic product (GDP) showed that the economy grew 0.3% during 1Q2013. The growth was attributable to growth in the services sector and a recovery in North Sea oil and gas output.

ASIA

Bank of Japan Governor to Keep 2.0% Inflation Target

Governor Kuroda to maintain 2% inflation target

Bank of Japan (BOJ) Governor Haruhiko Kuroda stated that he would not consider dropping the BOJ's new 2.0% inflation target even if the bank's monetary easing led to an unstable financial environment. He further added that as a result of the recent adjustments made by the BOJ, the volatility in the Japanese government bond market has been reduced and the market has regained stability.

U.S

US Federal Aviation Authority lifts Boeing 787 ban

US regulators allow Dreamliners to fly again

US regulators (Federal Aviation Administration) have issued a formal "air worthiness" directive allowing revamped Boeing 787 Dreamliners to fly, provided their battery systems are replaced. There are a total of 50 787 Dreamliners owned by airlines around the world.

AFRICA

Gloomy Picture for South Africa's flashy Consumers

Consumers in South Africa increasingly borrowing to survive

Consumers in South Africa are now increasingly borrowing to survive and often to pay for conspicuously flashy lifestyles. Retail sales have been slow since the global meltdown but have jumped 3.8% in the last year. According to the National Credit Regulator, there were 12.0% more applications for credit on December 2012 than September 2012 with unsecured loans with high interest rates making the bulk of applications. A fifth of credit-active consumers are falling behind in repayments by at least three months with households' debt-to-disposable income ratio standing at 76.0% according to economist John Loos.

Economic Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	83.82	83.88	89.76	83.79
EURO/KES	109.52	109.61	108.96	109.24
GBP/KES	128.14	129.29	127.73	129.29

Kenya Shilling strengthens against the USD and Euro

The week under review saw the Kenya Shilling strengthen slightly against the USD and Euro and weaken against the GBP closing the week at a mean of KES 83.79, 109.24 and 129.29 respectively.

This can be attributed to subtle dollar demand as investor confidence in the country continues to pick up.

Company Highlights

SMS revenues to boost Safaricom

Safaricom accounted for 93.7% of the 3.6 billion texts sent in 3Q2012

Data from the Communication Commission of Kenya (CCK) shows that Safaricom accounted for 93.7% of the 3.6 billion texts sent in the three months to December 2012, representing significant growth from one billion sent in the quarter to September 2012. Safaricom charges KES 1.00 per message text, indicating that the firm earned more than KES 3.0 billion from texts.

Equity market Summary

Top Gainers

	Price	%ch	EPS	DPS	PE
Access Kenya	9.40	3.9%	0.69	0.30	13.62
Kakuzi	86.00	2.4%	19.35	3.75	4.44
KCB	41.50	1.8%	4.11	1.90	10.10
Crown Paints	56.00	1.8%	5.44	1.25	10.29
Kenya Airways	11.10	1.4%	3.58	0.25	3.10

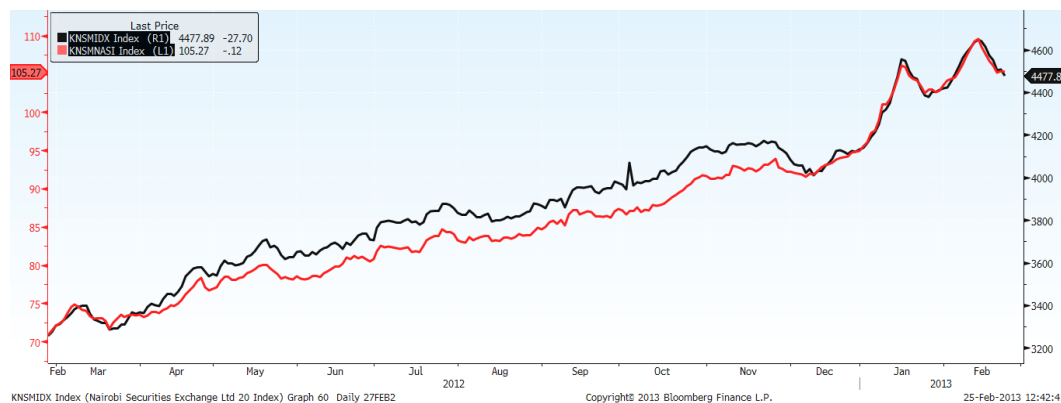
Top Losers

	Price	%ch	EPS	DPS	PE
Olympia Capital	5.00	-13.0%	0.38	0.10	13.16
Standard Group	29.00	-12.1%	2.56	0.00	11.33
Liberty Kenya	11.55	-11.2%	1.72	0.40	6.72
Car & General	26.00	-9.6%	7.78	0.55	3.34
Uchumi Supermarket	20.50	-8.9%	1.03	0.30	19.90

Top Traders

	Price	Volume Traded	% Price ch	EPS	PE
Safaricom	6.65	105,612,600	0.8%	0.32	20.78
KenolKobil	9.55	11,412,300	-6.8%	-4.26	-2.24
KCB	41.50	6,317,100	1.8%	4.11	10.10
Equity Bank	32.00	5,850,300	-3.0%	3.26	9.82
Barclays Bank	17.45	5,079,900	0.3%	1.61	10.84

The NSE 20 share index and NASI dropped by 82.91 points and 1.58 points to close the week at 4785.38 points and 117.41 points respectively.



Source: Bloomberg

Agricultural sector

The Agricultural sector closed the week at a PE of 4.43x compared to the previous week's PE of 4.49x.

Kakuzi gained 2.4% w-o-w

Kakuzi gained 2.4% w-o-w to close at KES 86.00 as the second top gainer of the week, trading a total of 13,700 shares

Kapchorua Tea Company dropped by 3.9% w-o-w to close at KES 125.00, trading a total of 3,300 shares during the week.

Rea Vipingo dropped by 5.6% w-o-w to close at KES 21.00

Rea Vipingo dropped by 5.6% w-o-w to close at KES 21.00 as the top loser in the Agricultural sector, trading a total of 30,500 shares during the week. The counter dropped by 3.3% w-o-w the previous week.

Williamson Tea dropped by 2.2% w-o-w to close the week at KES 225.00, trading a total of 1,500 shares. The counter dropped by 16.1% w-o-w the previous week.

Banking Sector

The Banking sector closed the week at a PE of 9.75x compared to the previous week's PE of 9.82x.

KCB gained 1.8% w-o-w to close at KES 41.50

KCB gained 1.8% w-o-w to close at KES 41.50 as the top gainer in the banking category and the third top trader of the week, trading a total of 6.3 million shares.

Standard Chartered dropped by 6.0% w-o-w to close at KES 281.00, trading a total of 85,400 shares during the week.

Equity Bank dropped 3.0% w-o-w to close at KES 32.00

Equity Bank dropped by 3.0% w-o-w to close at KES 32.00 as the fourth top trader of the week, trading a total of 5.9 million shares during the week, an 11.9% drop in volumes traded. The counter dropped by 5.7% w-o-w the previous week.

Barclays Bank gained 0.3% w-o-w to close at KES 17.45 as the fifth top trader of the week, trading a total of 5.1 million shares, a 4.1% increase in volumes.

Housing Finance gained 1.0% w-o-w to close at KES 25.00, trading a total 785,300 shares during the week. The group announced a 46.6% increase in Profit before Tax to KES 279 million in 1Q2013 compared to KES 190 million in 1Q2012. The counter gained 1.0% w-o-w the previous week.

Commercials and Services Sector

The Commercial and Services Sector closed the week at a PE of 10.36x compared to the previous week's PE of 10.57x.

Kenya Airways gained 1.4% w-o-w

Kenya Airways gained 1.4% w-o-w to close at KES 11.10 as the fifth top gainer of the week, trading a total of 2.2 million shares during the week.

Nation Media Group dropped by 2.8% w-o-w to close at KES 279.00, trading a total of 40,700 shares during the week. The counter dropped by 27.3% w-o-w the previous week.

Scangroup dropped by 0.8% w-o-w to close at KES 65.50, trading a total of 177,400 shares during the week. The counter dropped by 5.0% w-o-w the previous week.

Standard Group dropped by 12.1% w-o-w

Standard Group dropped by 12.1% w-o-w to close at KES 29.00 as the second top loser of the week, trading a total of 30,800 shares. The counter dropped by 5.7% 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 dropped 8.9% w-o-w

Uchumi supermarket dropped 8.9% w-o-w to close at KES 20.50 as the fifth top loser of the week, trading a total of 668,300 shares. The counter gained 2.3% w-o-w the previous week.

Construction & Allied Sector

The Construction and Allied sector closed the week at a PE of 21.61x compared to the previous week's PE of 21.85x.

ARM dropped by 3.0% to KES 65.00, trading a total of 41,400 shares during the week.

Bamburi Cement dropped by 0.5% w-o-w to close at KES 204.00, trading a total of 66,100 shares during the week.

E.A. Cables gained 1.2% w-o-w to close at KES 16.90, trading a total of 120,400 shares during the week.

Crown Paints gained 1.8% w-o-w

Crown Paints gained 1.8% w-o-w to close at KES 56.00 as the fourth top gainer of the week, trading a total of 57,200 shares during the week.

Energy and Petroleum Sector

The Energy and Petroleum sector closed the week at a PE of 30.47x compared to the previous week's PE of 31.54x.

KenGen dropped 3.5% w-o-w to close at KES 15.15

KenGen dropped 3.5% w-o-w to close at KES 15.15, trading a total of 1.4 million shares during the week, a 57.1% drop in volumes traded. The counter dropped 1.3% w-o-w the previous week.

KenolKobil dropped 6.8% w-o-w to close at KES 9.55

KenolKobil dropped 6.8% w-o-w to close at KES 9.55 as the second top trader of the week, trading a total of 11.4 million shares. The counter dropped 1.4% w-o-w the previous week.

KPLC dropped 3.4% w-o-w to close at KES 18.30, trading a total of 1.4 million shares during the week.

Total Kenya dropped 3.2% w-o-w to close at KES 16.45, trading a total of 184,500 shares. The counter gained 5.9% w-o-w the previous week.

Insurance Sector

The Insurance sector closed the week at a PE of 6.37x compared to the previous week's PE of 7.10x.

Britam Investments dropped by 5.1% w-o-w

Britam Investments dropped by 5.1% w-o-w to close at KES 8.45, trading a total of 1.0 million shares during the week. The counter dropped 1.1% w-o-w the previous week.

CIC Insurance dropped by 2.8% w-o-w

CIC Insurance dropped by 2.8% w-o-w to close at KES 5.25, trading a total of 2.6 million shares during the week, a 26.9% drop in volumes traded. The counter dropped 3.6% w-o-w the previous week.

Kenya Re dropped by 8.2% w-o-w

Kenya Re dropped by 8.2% w-o-w to close at KES 16.30, trading a total of 1.9 million shares during the week. The drop in price can be attributed to market correction after the price was driven up by investor speculation before the results announcement. The company announced a 44.6% rise in Profit before Tax to KES 2.9 billion in FY2012. The counter gained 5.0% w-o-w the previous week.

Liberty Kenya Holdings dropped by 11.2% w-o-w to close at KES 11.55, trading a total of 180,200 shares during the week. The counter dropped by 2.3% w-o-w the previous week.

Investment Sector

The Investment sector closed the week at a PE of 15.25x as compared to the previous week's PE of 15.95x.

Centum Investments dropped by 8.5% w-o-w to close at KES 19.90

Centum Investments dropped by 8.5% w-o-w to close at KES 19.90 trading a total of 3.3 million shares during the week. The counter gained by 2.4% w-o-w the previous week.

Olympia Capital dropped 13.0% w-o-w to close at KES 5.00

Olympia Capital dropped 13.0% w-o-w to close at KES 5.00 as the top loser of the week, trading a total of 41,800 shares during the week. The counter gained 23.7% w-o-w the previous week.

Trans-Century gained by 0.7% w-o-w to close at KES 36.75, trading a total of 539,700 shares during the week.

Manufacturing & Allied Sector

The Manufacturing and Allied sector closed the week at a PE of 18.47x as compared to the previous week's PE of 18.54x.

British American Tobacco gained 1.1% w-o-w to close at KES 560.00, trading a total of 126,400 shares during the week.

Mumias Sugar remained unchanged w-o-w

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

Eveready dropped by 5.2% w-o-w to close at KES 2.75, trading a total of 595,700 shares during the week. The counter dropped by 17.1% w-o-w the previous week.

East African Breweries dropped 0.7% w-o-w to close at KES 297.00, trading a total of 1.8 million shares during the week. The counter dropped 1.6% w-o-w the previous week.

Telecommunication & Technology Sector

The Telecommunication and Technology sector closed the week at a PE of 20.70x as compared to the previous week's PE of 20.54x.

Access Kenya gained by 3.9% w-o-w to close at KES 9.40

Access Kenya gained by 3.9% w-o-w to close at KES 9.40 as the top gainer of the week, trading a total of 1.7 million shares during the week. The counter gained 2.8% w-o-w the previous week.

Safaricom gained 0.8% w-o-w to close at KES 6.65

Safaricom gained 0.8% w-o-w to close at KES 6.65 as the top trader of the week, trading a total of 105.6 million shares during the week. The counter gained 1.5% 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 10.81 billion out of a target of KES 11.0 billion.

Bids received in the 91 day T-bill auction amounted to KES 2.92 billion

Bids received in the 91 day T-bill auction amounted to KES 2.92 billion (97% subscription). The bids that were accepted amounted to KES 2.92 billion and were accepted at a weighted average rate of 10.206% which was down 0.052% compared to a rate of 10.258% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 1.15 billion (38% subscription). The bids that were accepted amounted to KES 1.15 billion and were accepted at a weighted average rate of 10.604%.

Bids received in the 364 day T-bill auction amounted to KES 11.36 billion (227% subscription). The bids that were accepted amounted to KES 6.74 billion and were accepted at a weighted average rate of 12.260%.

The Secondary Market

Secondary market turnover closed the week at KES 7.62 billion

The secondary bond market turnover closed the week at KES 7.62 billion, a 25.3% decrease from KES 9.55 billion recorded the previous week. A total of 135 deals were transacted during the week compared to 96 deals transacted during the previous week.

During the week under review, the average traded yield on the five year paper (FXD 1/2011/5Yr) stood at 12.8900% while the average traded yield on long term papers such as the fifteen year paper (FXD1/2013/15Yr) stood at 13.0500%.