



Faida Weekly Report (Week 8)

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International Highlights

Europe

German Government Reports Budget Surplus in 2012

German government achieved a budget surplus of 0.2% in Maastricht terms

According to the Federal Statistical Office, the German government achieved a budget surplus of 0.2% in Maastricht terms in 2012, the first such surplus in 5 years. Total income was reported at 1.1941 trillion Euros and spending at 1.1899 trillion Euros, resulting in a 4.1 billion Euro surplus on the year. This is the first annual surplus since 2007 and only the third since German reunification. In 2012, the federal government reported a deficit of 12.2 billion Euros and states a deficit of 6.8 billion Euros. Localities and social insurance coffers reported surpluses of E6.1 billion and E17 billion respectively.

Asia

Abe Optimistic About Joining TPP Free Trade Talks

Abe positive about Japan joining talks

Japan's Prime Minister Shinzo Abe appeared optimistic about Japan joining talks for the Trans-Pacific Partnership (TPP) free trade arrangement, stating that high-level negotiations could lead to exemptions that many ruling party members are demanding. Abe stated that the TPP's significance will depend on whether Japan will join it. He went on further to add that it is extremely important to show the world that Japan-US ties have recovered.

U.S

Unemployment Claims Rise

Unemployment rose by 20,000 last week

The number of Americans who filed for unemployment benefits rose by 20,000 last week to a seasonally adjusted 362,000, though it remained at a level constant with modest hiring. The Labor Department stated that the four-week average rose by 8,000 to 360,750, the highest in six weeks. Job growth has however picked up at the same time. From November 2012 through to January 2013, the employers added an average of 200,000 jobs a month.

Africa

Burundi Struggles to Bridge Power Deficit

Burundi faces a 30 MW deficit

Burundi is working to meet its energy deficit which currently stands at 30MW as it seeks to fulfill a real domestic demand of 75MW. The country has an existing internal output of 30 MW, while the International Society for the Great Lakes Energy (Sinelac), an institution of the Economic Community of Great Lakes Countries (CEPGL) adds 15 MW. With potential investors waiting for the deficit to be met, the Burundian minister of Energy and Mines stated that demand could rise up to 200 MW. The minister further added that hydropower would be the main source of the power, with a number of projects being expanded.

Some of these projects include the hydroelectric power station on Mpanda River with an expected production of 10.4 MW, on Kaburantwa River (20MW), Kagunuzi River (7-8 MW) and on Jiji and Mulembwe rivers (50 MW). The World Bank is to provide up to USD 60 million while the European Union through its European Investment Bank would support 50% of the overall project.

Economic Highlights

Currency Highlights

	Previous Week Close	Week High	Week Low	Current Week Close
USD/KES	87.42	87.63	87.41	87.54
EURO/KES	116.76	117.41	115.66	115.66
GBP/KES	135.62	135.57	132.97	133.81

Kenya Shilling strengthens against the Sterling Pound and the Euro but weakened against the USD

Last week, the Kenya Shilling strengthened against the Sterling pound and the Euro while weakening slightly against the USD to close the week at a mean of KES 133.81, KES 115.66 and KES 87.54 respectively.

During the week under review, the Central Bank of Kenya (CBK) sold KES 25.5 billion of two and fifteen year bonds. This saw investors increase inflow of dollars as they prepared to pay for their successful bids of the treasury bonds.

Company Highlights

KCB Targets M-Pesa Agents

KCB sets aside KES 1.5 billion targeting M-Pesa agents

KCB has set aside KES 1.5 billion targeting M-Pesa agents with unsecured loans. This is also set to boost M-Pesa revenues through higher frequency of customer transactions. The access to the credit facility will help M-Pesa agents solve their perennial float shortage problem that limits their daily transactions. M-Pesa agents can borrow up to six times average commissions earned over a six-month period at a rate of 20% per annum.

KCB Plans for Staff Cuts

Five top managers expected to leave KCB

Five top managers are expected to leave KCB Group as the firm enters the second phase of restructuring. KCB Group Chief Executive Officer, Joshua Oigara, stated that internal evaluation led to a number of functions being merged, transferring most to country managing directors.

Equity Bank and Co-operative Bank Lead in control of diaspora remittances

Equity AND Co-operative Banks each control 12.3% of remittances in January

According to the Central Bank of Kenya, Equity and Co-operative banks took advantage of their dominant presence in retail banking to gain control of diaspora remittances. Each of the banks handled KES 1.1 billion (12.3%) of the KES 8.9 billion remittances in January 2013. This is set to boost revenue from transaction incomes and grow deposits. This is in line with industry trends that tend to favour banks with a large customer base and branch network. KCB came in third with an 11.2% market share.

Kenya Airways Signs Code Sharing Agreement with Etihad Airways

KQ signs code sharing agreement with Etihad Airways

Kenya Airways, (KQ), is seeking to expand its network in the Middle East with the launch of flights to United Arab Emirates in June and the signing of a code share with Etihad Airways. KQ will launch three flights between Nairobi and Abu Dhabi enabling passengers to connect with ease to part of Etihad's extensive network.

KenGen Plans to Raise KES 30 Billion Through Asset-Backed Bond

KenGen plans to raise KES 30 billion

KenGen is set to raise KES 30 billion to finance its geothermal expansion. The 20 year bond will be repaid using cash revenues from the geothermal plants being constructed. KenGen estimates that it may need up to KES 437 billion (USD 5 billion) within the next five years to keep up with the growing demand for power.

Equity market Summary

Top Gainers

	Price	%ch	EPS	DPS	PE
Total Kenya	15.15	9.4%	3.05	0.00	4.97
E.A. Portland Cement	46.75	5.7%	-9.09	0.00	-5.14
Pan Africa Insurance	48.00	4.4%	7.27	3.00	6.60
Eaagads Ltd.	24.00	4.4%	1.36	1.25	17.65
Athi River Mining	62.50	4.2%	2.33	0.40	26.87

Top Losers

	Price	%ch	EPS	DPS	PE
Housing Finance	17.80	-11.0%	2.70	1.20	6.59
KenGen	10.95	-10.6%	1.28	0.60	8.55
KenolKobil	12.65	-9.6%	2.21	1.00	5.72
Access Kenya	6.15	-8.2%	0.53	0.00	11.60
Car & General	24.00	-7.7%	7.78	0.55	3.08

Top Traders

	Price	Volume Traded	% Price ch	EPS	PE
Safaricom	5.70	108,682,300	2.7%	0.32	17.81
KCB	36.50	13,086,200	-1.4%	3.72	9.81
Equity Bank	26.75	7,536,400	-4.5%	2.79	9.59
Barclays Bank	16.20	7,011,200	0.3%	1.61	10.06
KPLC	17.55	5,437,900	-6.2%	2.36	7.44

The NSE 20 share index and the NASI dropped 136.86 points and 2.31 points respectively to close the week at 4477.89 points and 105.27 points respectively.



Source: Bloomberg

The FTSE NSE KENYA 15 dropped 4.40 points while the FTSE NSE KENYA 25 indices dropped 4.35 points to close the week at 136.96 points and 140.16 points respectively.

Agricultural sector

The Agricultural sector closed the week at a PE of 3.85X compared to a PE of 3.93X recorded the previous week.

Eaagads gained by 4.4% w-o-w

Eaagads gained by 4.4% w-o-w to close the week at KES 23.00 as the fourth top gainer of the week, trading a total of 1,300 shares during the week. The counter gained by 3.4% w-o-w the previous week.

Sasini dropped by 6.3% w-o-w to close at KES 11.25, trading a total of 79,600 shares during the week.

Banking Sector

The Banking Sector closed the week at a PE of 9.78X compared to a PE of 9.94X recorded the previous week.

Housing Finance dropped by 11.0% w-o-w to close at KES 17.80

Housing Finance dropped by 11.0% w-o-w to close at KES 17.80 as the top loser of the week, trading a total of 1.1 million shares. Housing Finance last week reported a 19.5% increase in Profit after Tax (PAT) to KES 743 million.

National Bank of Kenya dropped by 7.3% w-o-w to close at KES 17.90, trading a total of 331,400 shares during the week.

KCB dropped by 1.4% w-o-w

KCB dropped by 1.4% w-o-w to close the week at KES 36.50 as the second top trader of the week, trading a total of 13.1 million shares during the week, a 20.2% increase in volumes traded.

NIC Bank remained unchanged w-o-w to close at KES 45.25, trading a total of 1.7 million shares during the week. The bank announced a 12.2% increase in Profit after Tax to KES 3.0 billion.

Commercials and Services Sector

The Commercials and Services sector closed the week at a PE of 10.22X compared to a PE of 10.31X recorded the previous week.

Longhorn Kenya remained unchanged w-o-w to close at KES 9.00, trading a total of 3,800 shares.

Express Kenya dropped by 4.7% w-o-w to close at KES 3.05, trading a total of 28,800 shares during the week. The counter dropped by 8.6% w-o-w the previous week.

Scangroup dropped by 1.4% w-o-w

Scangroup dropped by 1.4% w-o-w to close the week at KES 72.00, trading a total of 452,000 shares during the week.

Standard Group dropped by 3.0% w-o-w to close at KES 24.00, trading a total of 3,700 shares during the week.

Construction & Allied Sector

The construction and allied sector closed the week at a PE of 19.55X compared to a PE of 19.46X recorded the previous week.

Athi River Mining gained by 4.2% w-o-w

Athi River Mining gained by 4.2% w-o-w to close at KES 62.50, trading a total of 1.1 million shares during the week.

Bamburi Cement dropped by 3.6% w-o-w

Bamburi Cement dropped by 3.6% w-o-w to close at KES 214.00, trading a total of 490,400 shares during the week.

E.A. Portland Cement gained by 5.7% w-o-w to close at KES 46.75, trading a total of 23,300 shares during the week.

Energy and Petroleum Sector

The Energy and Petroleum sector closed the week at a PE of 6.18X compared to a PE of 6.71X recorded the previous week.

KenGen dropped by 10.6% w-o-w

KenGen dropped by 10.6% w-o-w to close at KES 10.95 as the second top loser of the week, trading a total of 666,000 shares.

KPLC dropped by 6.2% w-o-w to close the week at KES 17.55 as the fifth top trader of the week, trading a total of 5.4 million shares.

KenolKobil dropped by 9.6% w-o-w to close at KES 12.65 as the third top loser of the week, trading a total of 2.8 million shares during the week.

Total Kenya edged up 9.4% w-o-w

Total Kenya edged up 9.4% w-o-w to close at KES 15.15 as the top gainer of the week, trading a total of 663,500 shares during the week.

Insurance Sector

The Insurance sector closed at a PE of 12.16X as compared to a PE of 11.78X recorded the previous week.

Britam Investments dropped by 4.4% w-o-w to close at KES 6.60, trading a total of 2.1 million shares during the week.

Kenya Re dropped by 7.0% w-o-w

Kenya Re dropped by 7.0% w-o-w to close at KES 12.05, trading a total of 795,100 shares during the week.

Pan Africa Insurance gained by 4.4%

Pan Africa Insurance gained by 4.4% w-o-w to close at KES 48.00 as the third top gainer of the week, trading a total of 57,700 shares during the week. The counter gained by 6.9% w-o-w the previous week.

Investment Sector

The Investment sector closed the week at a PE of 12.02X as compared to a PE of 12.49X recorded the previous week.

Centum Investments dropped by 7.4% w-o-w

Centum Investments dropped by 7.4% w-o-w to close at KES 13.75, trading a total of 776,600 shares during the week.

City Trust dropped by 5.3% w-o-w to close at KES 451.00, trading a total of 17,000 shares during the week.

Manufacturing & Allied Sector

The Manufacturing and Allied sector closed the week at a PE of 19.05X compared to the previous week's PE of 18.74X.

B.O.C Kenya dropped by 7.4% w-o-w to close at KES 100.00, trading a total of 235,200 shares during the week.

EABL dropped by 5.1% w-o-w to close at KES 280.00

EABL dropped by 5.1% w-o-w to close at KES 280.00, trading a total of 3.9 million shares during the week. The counter dropped by 3.9% w-o-w the previous week after the company announced a 13.1% drop in Profit after Tax.

Telecommunication & Technology Sector

The Telecommunication & Technology Sector PE remained unchanged to stand at 17.28X.

Access Kenya dropped by 8.2% w-o-w to close at KES 6.15 as the fourth top loser of the week, trading a total of 1.7 million shares.

Safaricom gained 2.7% w-o-w to close at KES 5.70

Safaricom gained 2.7% w-o-w to close at KES 5.70 as the top trader of the week, trading a total of 108.8 million shares during the week.

Bond market

Primary Market

The week saw the government put up the 91 day and 182 day T- bills for auction and managed to raise KES 2.47 billion out of a target of KES 8.0 billion.

Bids accepted in the 91 day T-bill auction amounted to KES 1.83 billion

Bids received in the 91 day T-bill auction amounted to KES 1.83 billion (46% subscription). The bids that were accepted amounted to KES 1.83 billion and were accepted at a weighted average rate of 8.928% which was up 0.715% compared to a rate of 8.213% recorded in the previous auction.

Bids received in the 182 day T-bill auction amounted to KES 0.64 billion (16% subscription). The bids that were accepted amounted to KES 0.64 billion and were accepted at a weighted average rate of 8.571% which was up 0.069% compared to a rate of 8.502% recorded in the previous auction.

The Secondary Market

Secondary market turnover closed the week at KES 4.07 billion

The secondary bond market turnover closed the week at KES 4.07 billion. A total of 83 deals were transacted during the week compared to 139 deals transacted during the previous week. The FTSE NSE Kenya bond index gained by 0.65% to 92.57 points compared to 91.98 points recorded during the previous week.

During the week under review, the average traded yield on the five year paper stood at 9.95% while the average traded yield on long term papers such as the fifteen year paper stood at 12.72%.