AIB AXYS AFRICA

AIB AXYS Africa
Q2 2024 Investment Outlook

Lifting out of the Sand Trap

Investment Strategies for the Quarter.

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List of Abbreviations

AfDB	African Development Bank
CBK	Central Bank of Kenya
CBR	Central Bank Rate
ECF	Extended Credit Facility
EFF	Extended Fund Facility
EMDE	Emerging Markets and Developing Economies
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
KES	Kenya Shilling
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
LCU	Local Currency Units
MPC	Monetary Policy Committee
NSE	Nairobi Securities Exchange
PMI	Purchasing Managers Index
RSF	Resilience and Sustainability Fund
SDR	Special Drawing Rights
SSA	Sub-Sahara Africa
USD	United States Dollar
VAT	Value Added Tax

Opening Statement

The extensive macroeconomic shifts over the past quarter convey the impression of a turning point in the business cycle. In many respects, the balance of global risks has tilted in favor of a global economic recovery. However, some key risks such as the escalating geoeconomic tensions persist – threatening to delay the projected global recovery. It is evident that the legacy effects of the poly-crisis are still filtering into the real economy. Yet at the same time, we see bright spots in the form of widespread recovery in consumer and business confidence – bearing testament to the growing resilience of the global economy. In a way, the global economy appears to be normalizing into a context that is not normal; otherwise put, the global economy is normalizing into non-normality.

The story is far from uniform however, as we still see pockets of stress across and within economic sectors such as goods manufacturing struggling to piece back the puzzle of lost growth momentum. The picture becomes more complicated as escalating geoeconomic fragmentation plies pressure on supply chains – slowing down global trade in the process. Due to the woven interdependence of the global economy, lower global trade implies slower growth – and higher goods inflation – for the global economy.

As inflation decelerates progressively towards central bank targets across many economies, arising, war-induced, price pressures such as the recent crude oil price rally, risks delaying the awaited monetary policy easing. We were initially wary of the exuberant rate cut expectations at the start of the year. The prolonged hawkishness of the Fed has elicited noise in the markets as players adjusted to more realistic expectations. Yet, given the global risk landscape, its questionable whether inflationary pressures may cool to levels seen in past decades. Yet, central banks must avoid tightening for too long, lest they surrender the pent-up growth momentum. At the same time, easing rates too soon risks losing the progress achieved so far in maintaining price stability. At some point, living with 'acceptable' inflation will be the appropriate compromise.

The ongoing shifts in the business cycle present a broader opportunity set. We think staying in cash is becoming increasingly expensive given the expanding opportunity costs. As such, we think it is time for investors to put their cash to work. Our investment priority in equities paid off in the first quarter of 2024 driven by cyclical improvements and a rebound in underlying corporate performance. We are, however, not lowering our selectivity stance as we place emphasis on fundamentally-sound, quality blue chips. Fixed income valuation returns also improved marginally amid rate cut expectations over coming quarters. As earlier pointed out, we still think investors are better off extending duration exposure as we believe real yields have peaked and already on a downward path. Commodity prices on the other hand, are set for higher volatility, largely arising from unfolding supply and demand mismatches.

Tilting portfolio allocation strategies towards momentum and value will be advantageous at this point of the business cycle. Yet investors will need to shake away the recency bias to stay ahead of the market. In so doing, we should be able to power out of the sand trap and back onto the fairway.

Ronny Chokaa,
Snr. Research Analyst.

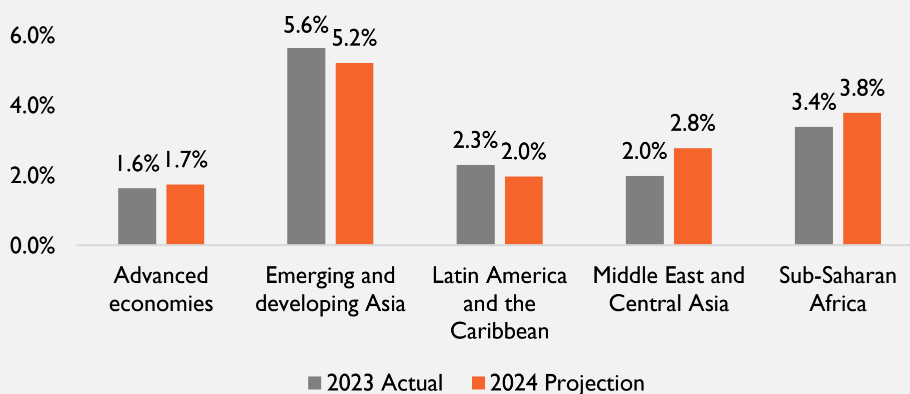
Global Macro Outlook

Growing Optimism Amid Mounting Risks: Global Growth Prospects.

Global GDP growth slowed to 3.2% in 2023, down from 3.4% recorded a year prior. Growth was however, less-scarred than projected and more uneven across regions – exceeding expectations in some instances, despite several legacy shocks. On the demand side, higher public and private services-spending predominantly supported growth, led by a recovery in goods spending amid recovering consumer real incomes. The current disinflationary trends, coupled with easing long-term inflation expectations delivered a welcome confidence boost to both businesses and households. Investment activity similarly slowed significantly on account of tight monetary conditions. On the supply side, stable commodity prices, coupled with resilient supply chains buoyed growth, despite the renewed geoeconomic uncertainties.

Growth became increasingly divergent within regional blocs, as economic recession fears on the one hand, became more subdued in advanced economies such as US on account of exceptional consumer resilience and increased labor force participation – whereas counterparts such as UK slid into a technical recession. Chinese growth accelerated on account of expansionary policy reforms; even as prolonged monetary policy tightness weighed on growth in broader emerging markets. Frontier markets broadly showed signs of remarkable resilience despite protracted shocks.

Chart 1: Regional Real GDP Growth Projections



Source: IMF April 2024 World Economic Outlook, AIB-AXYS Research

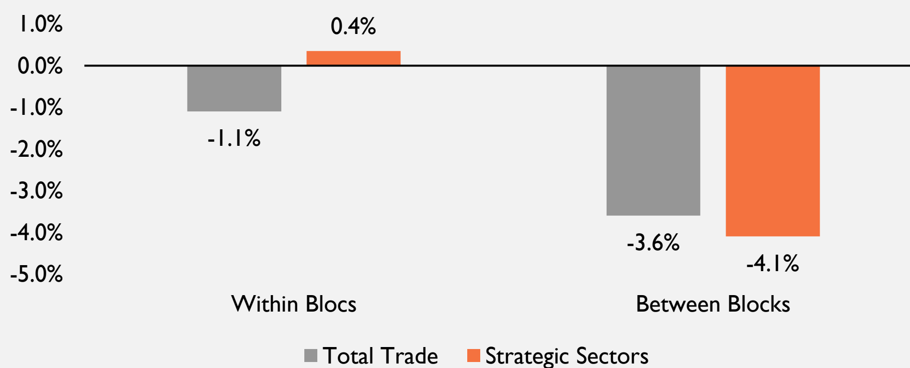
Global growth forecasts remain below the 20-year historical average at 3.2% in 2024 and 3.2% in 2025 – attributable to slowed consumer demand, elevated interest rates and ongoing fiscal consolidation measures. The outlook is brighter compared to 2023 projections as the preponderance of risks becomes more balanced and favors a global recovery. Growth is however projected to remain slow, yet divergent across and within regional blocs – accelerating broadly in the Advanced economies, Sub-Sahara Africa, and Middle East regions, while decelerating slightly in emerging Asian economies.

Taking Stock of Our Year's Themes

I. Politics to Keep Markets Guessing: Geopolitical Landscape

Geoeconomic fragmentation intensified over the first quarter of 2024 disrupting the slowly recovering supply chains. Global trade slowed significantly below rates recorded pre-Russia-Ukraine war - pointing to growing fragmentation of the global economy. Notable deglobalization shifts occurred in the ongoing re-industrialization of North America, away from Asia. The ongoing tensions in the Middle East region took on a new twist with the tensions expanding into the Iran region. The re-routing of major shipping lines operating in the Red Sea region not only raised maritime freight and insurance costs, but also brought undue delays in delivery of critical commodities. As earlier anticipated, we witnessed higher commodity price volatility, notably oil which recorded a 5-month consecutive price rally.

Chart 2: Percentage Point Difference in Trade Growth Pre and Post Russia-Ukraine War



Source: IMF Database, AIB-AXYS Research

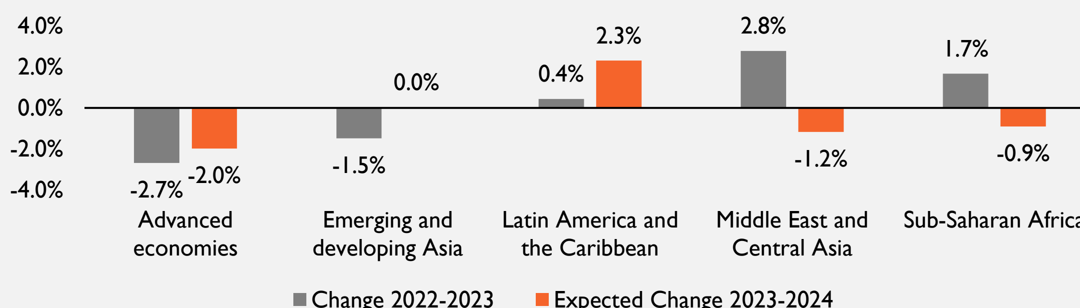
The need for post-pandemic fiscal adjustments coincides with a season of a record number of elections across key developed markets such as the United States, United Kingdom, alongside key emerging market nations such as India, Taiwan, Mexico, and South Africa among others. We expect ongoing fiscal consolidation measures will be derailed by increased state spending budgets. We also remain apprehensive that these nations will likely tilt towards deglobalization and autarky measures.

II. The Growing Burden of *Higher-for-Longer*: Interest Rate Outlook

Tight financial conditions continue to pile pressure on households, corporates, and sovereigns across both developed and emerging markets. Evident effects range from the widespread slowdown in credit demand, rising non-performing loan rates leading to slowed economic momentum. It has also raised debt-service costs leading to limited access to international debt markets for emerging and developing economies (EMDEs). We project that the *higher-for-longer* setting will derail the global economy profoundly from the long-term growth path.

Despite the disinflationary trends observed over the first quarter of 2024, key central banks remained reluctant to easing – citing the need for conclusive evidence that underlying inflationary pressures are firmly in check. The response to market calls for rate cuts among key central banks was heralded by Switzerland which kickstarted its rate-cutting cycle. Yet, we maintain that we do not anticipate a sharp U-turn in the path of interest rates; In our estimation, markets continue to overprice rate cut expectations in 2024. The emerging commodity price spikes and rising demand pressures are likely to prolong the progress of disinflation towards central bank targets, necessitating a delayed easing of policy rates.

Chart 3: Percentage Point Changes and Forecasts in YoY Regional Inflation Rates



Source: IMF Database, AIB-AXYS Research

III. Widening divergence: Asset Class Outlook

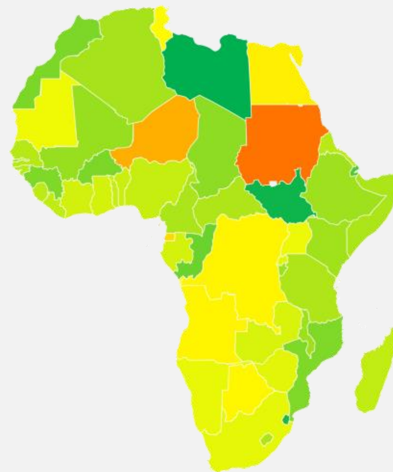
Multi-sectoral divergence in return performance persisted over the first quarter of 2024. Listed equities recorded stronger, yet highly dispersed valuation returns, on the back of resilient-than-expected corporate performance and widespread expectations of interest rate declines. Service-oriented sectors continued to perform relatively better compared to their manufacturing counterparts. Yet, we estimate the shifting business cycle is set to favor a recovery of the goods sector in the second half of 2024.

Fixed income assets experienced higher rate volatility on account of mixed expectations on the path of interest rates and the shifting risk landscape. Credit spreads between investment grade bonds and high yield bonds remained wide on the back of debt sustainability risks – with a few exceptions of frontier markets such as Ivory Coast, Benin, and Kenya amid improved macro risk profiles. We think investors will be better rewarded from increased selectivity in quality segments of the 'high yield' spectrum.

Africa Macro Outlook

Sub-Sahara African (SSA) region recorded a general slowdown to 3.4% in 2023 from 4.0% in 2022. Slowdown pressures were more pronounced in Central, Southern and West Africa, compared to East and Northern Africa. This was largely on account of lower public and private consumption spending, prolonged monetary policy tightness, coupled with regional political and trade instability. Inflationary pressures broadly accelerated in 2023, owing to supply disruptions and passthrough effects of widespread exchange rate depreciation.

Chart 4: Yearly Percentage Change in Country GDP Growth Rates (2022-2023) Heat Map



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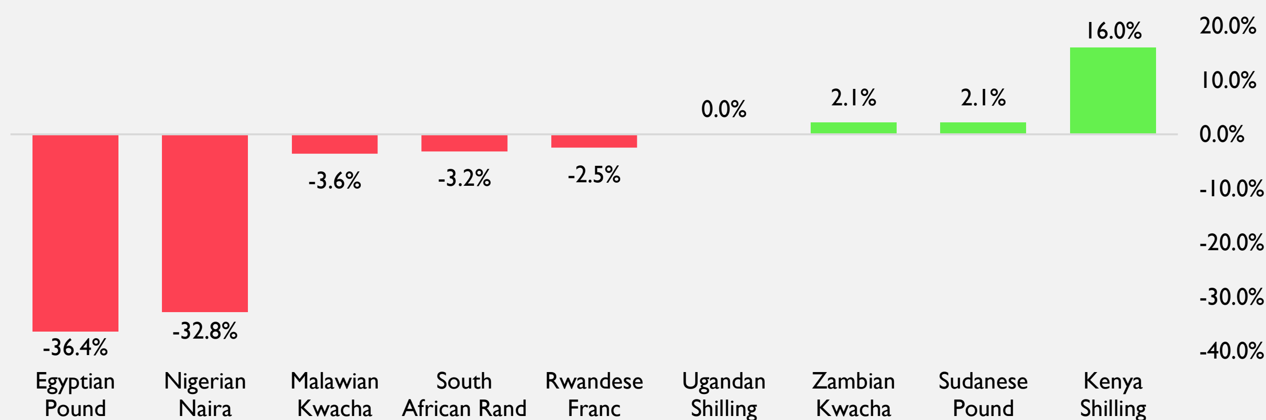
Source: IMF Database, AIB-AXYS Research

Looking ahead, we anticipate accelerated recovery in the region, driven by stabilizing consumer demand amid easing price pressures. We remain optimistic about increased investment flows to the region as well as improved external demand for Africa's exports. However, lagged growth in real per capita incomes continues to slow down the rate of convergence with the standards of living in developed countries.

Mixed exchange rate trends emerged – pointing to higher volatility across the region. The Kenya Shilling recorded the largest currency appreciation margin, strengthening 16.0% against the US Dollar driven by increased portfolio dollar inflows on the back of attractive real yields. The Egyptian Pound conversely weakened considerably against the US Dollar following the monetary policymaker's decision to devalue the national currency by 38.5% amid soaring inflation pressures. In February 2024, the Central Bank of Nigeria similarly devalued the Nigerian Naira further by 40% in response to the imported inflationary pressures and sharp money supply growth.

Chart 5: Select African Exchange Rate Movements Against US Dollar (%∆ YTD)



Source: Central Banks Data, AIB-AXYS Research

Shifting Fortunes in International Debt Markets

The protracted monetary policy tightening continues to magnify debt fragilities in the region. The *higher-for-longer* rate environment comes amid a rising share of debt-service costs to overall fiscal revenues. In response, African governments have raised consumption and trade tax rates and trimmed down spending to slowly rebuild fiscal buffers. However, we expect fiscal consolidation measures will slow down, especially in countries set for elections.

Sovereign credit spreads between advanced and developing economies became increasingly volatile over the start of 2024 with risk premiums narrowing sharply in favor of countries such as Ivory Coast, Benin, and Kenya. This allowed for renewed access to international debt markets by these countries, following months of locked-out access. However, the picture is far from uniform as countries such as Ghana, Zambia and Ethiopia still grapple with debt-restructuring measures.

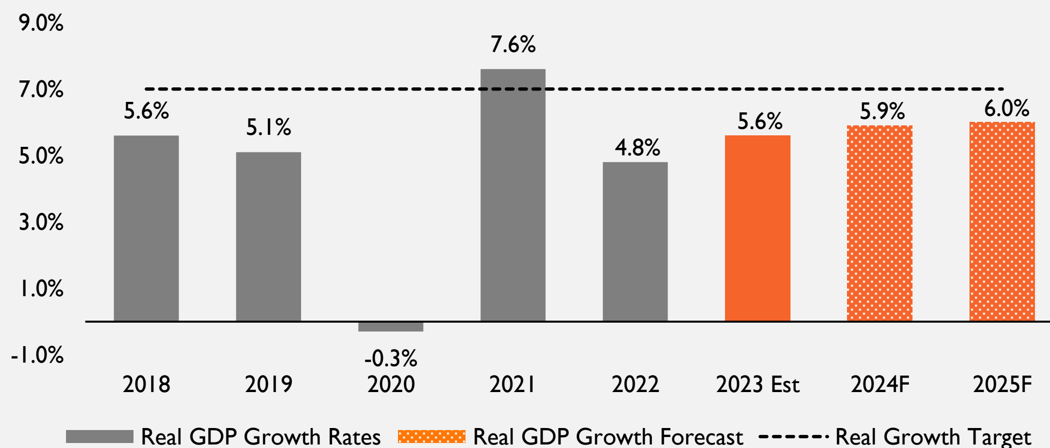
Kenya Macro Outlook

Intensified Recovery Despite Shocks: Economic Growth

Kenya's GDP grew by an estimated 5.6% in 2023, compared to a growth rate of 4.8% and 7.6% in 2022 and 2021 respectively. The V-shaped recovery was driven by a twin uptick in the agriculture and services sectors following rebounded demand amid moderating inflationary pressures. Subsectors such as accommodation and restaurant services, financial and insurance services, and construction sectors contributed substantially to the economic upswing.

However, this upswing was tempered by muted growth in electricity and water supply sectors, as well as transport and storage sectors, on account of depressed demand. We anticipate the economy will sustain its growth momentum to 5.9% in 2024 propelled by rebound in manufacturing sector amid rising real discretionary incomes as well as accelerated investment growth driven by tax incentives and higher real yields. However, risks to growth are pegged on factors such as slowed credit demand, adverse exchange rate pressures and volatile commodity prices.

Chart 6: Kenya Real GDP Growth and Forecasts



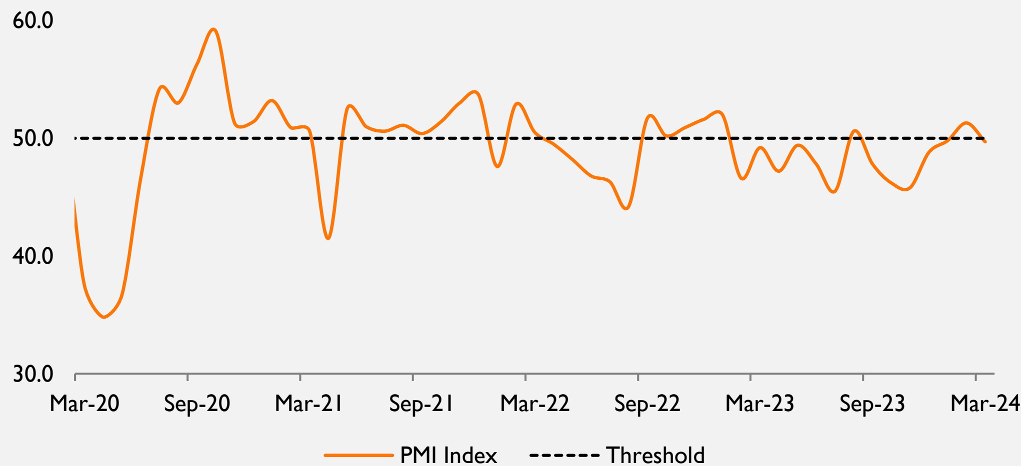
Source: Kenya National Bureau of Statistics, AIB-AXYS Research

Slow and Steady Revival: Purchasing Managers Index

Stanbic Bank Kenya's Purchasing Managers Index (PMI) trends showed signs of improvement in business sentiment over the first quarter of 2024, rising to an average of 50.3, compared to 48.1 in the previous quarter. PMI readings above 50.0 signal improvements in business sentiment, while readings below 50.0 signal a deterioration. The improved sentiment over the quarter was attributable to easing price pressures – largely stemming from the passthrough effects of exchange rate strengthening.

Output and new orders continue to exhibit prospects of steady revival over coming quarters. We further note that staffing and inventory levels improved markedly in the quarter – pointing to rising optimism by businesses. We attribute this to declined long-term inflation expectations – as the Central Bank anchored its policy priority on price stability. Supply chain disruptions risks and commodity price shocks however, risk dampening the recovering business sentiment.

Chart 7: Stanbic Bank Kenya Purchasing Managers Index



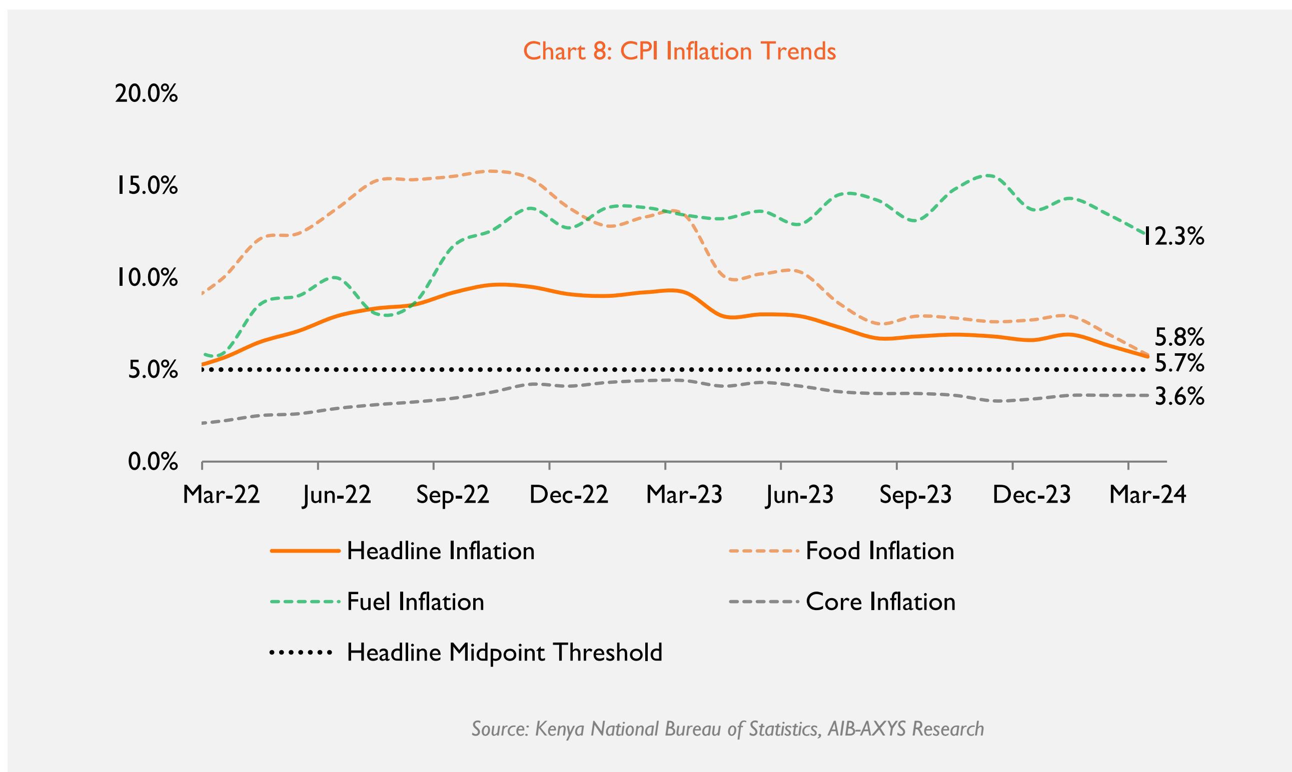
Source: Stanbic Bank Kenya, AIB-AXYS Research

Steady Path to Stability, Risks Lurking: Price Levels

Price pressures cooled further as signaled by the softening of headline inflation rate to 5.7% by March 2024, compared to 6.6% in December 2023 and 9.2% in March 2023. The disinflationary trend was marked by softer food prices occasioned by replenished supplies as well as lower fuel prices supported by passthrough effects of exchange rate strengthening. The food inflation index decelerated to close Q1 2024 at 5.8% compared to 13.4% in a similar period in 2023. Fuel inflation similarly eased to close the quarter ended March 2024 at 12.3% compared to 13.4% a year prior.

However, core inflation (Non-food, Non-fuel) ticked up 20bps y/y to 3.6% in March 2024 from 3.4% in December 2023. This was largely on account of rebounded services demand. While headline inflation remains within the National Treasury's upper target range, monetary policy makers are keen on lowering it to the midpoint target of 5.0% over the near term.

Chart 8: CPI Inflation Trends



Source: Kenya National Bureau of Statistics, AIB-AXYS Research

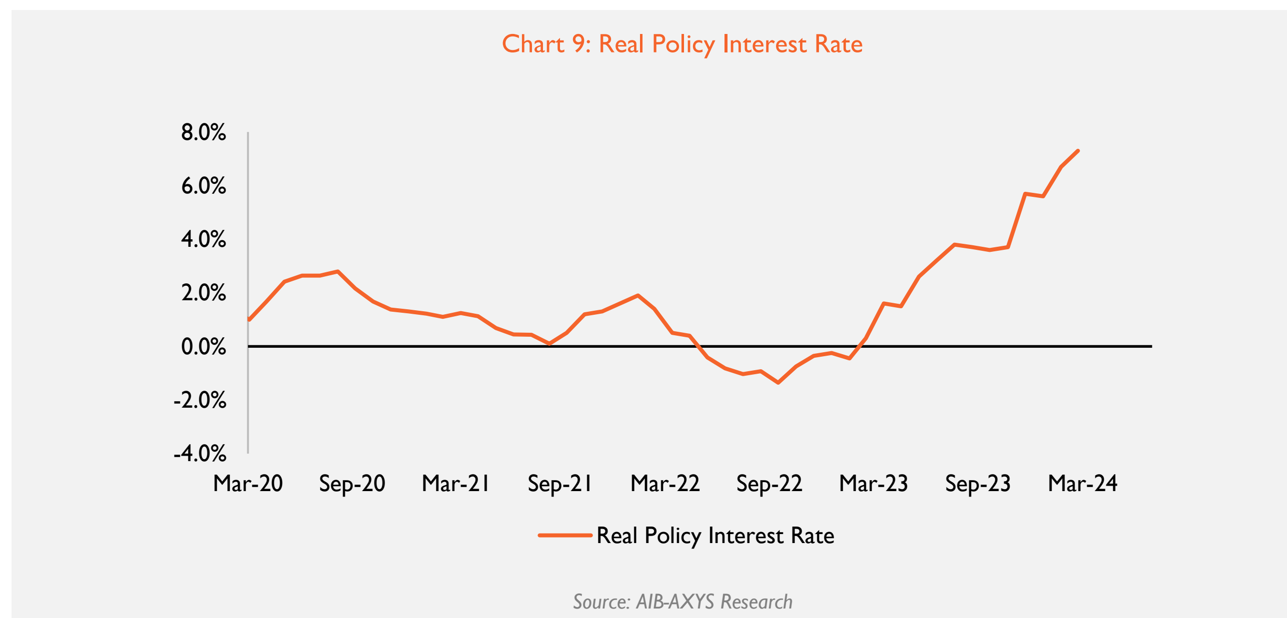
We anticipate the disinflationary path towards the Central Bank of Kenya's midpoint target to be slower and extended as simmering geoeconomic tensions stoke secondary inflation upsurges. However, further exchange rate strength should drag headline inflation steadily towards the midpoint target by the second half of the year.

Decisive Pull-Back: Exchange Rate Vintage

The Kenya shilling reversed its fortunes over the first quarter of 2024, driven by a confluence of domestic and global factors. In the months leading to the February 2024, the Central Bank of Kenya implemented a raft of reforms to the Interbank Foreign Exchange Market to streamline and improve operational efficiency. These reforms included:

1. Introduction of the electronic matching systems (EMS) in the interbank market
2. Abolishment of the requirement of maximum spread of 20 cents on indicative quotes in the interbank market.
3. Adoption of CBK published exchange rate based on weighted average rate of all interbank transactions executed on previous day instead of indicative rates provided by selected major players in the interbank market.

Furthermore, the Central Bank of Kenya's strategy to raise real yields (inflation-adjusted yields) quickened an influx of portfolio dollar inflows, raising dollar liquidity in the market. Further, the proactively timed, partial refinancing of the Eurobond due for June 2024 that took place in February 2024, was instrumental in alleviating apprehensions surrounding the nation's balance of payments position, thereby fostering improved investor confidence. The upshot of this was a sharp pullback on the exchange rate from a floor average exchange rate of 160.35 against the US Dollar to c.140.00 levels and later to c.130.00 levels.



Over the near term we pencil range-bound volatility in the exchange rate driven by mixed macroeconomic expectations on the current account deficit status and fiscal sustainability risks. Yet, we expect sustained foreign direct investments on the back of sustained real yields and improved tax incentives to support a Balance of Payments neutrality. However, risks to this projection are pegged on the rising geoeconomic fragmentation that threatens to dislodge recovering supply chains and key export destinations.

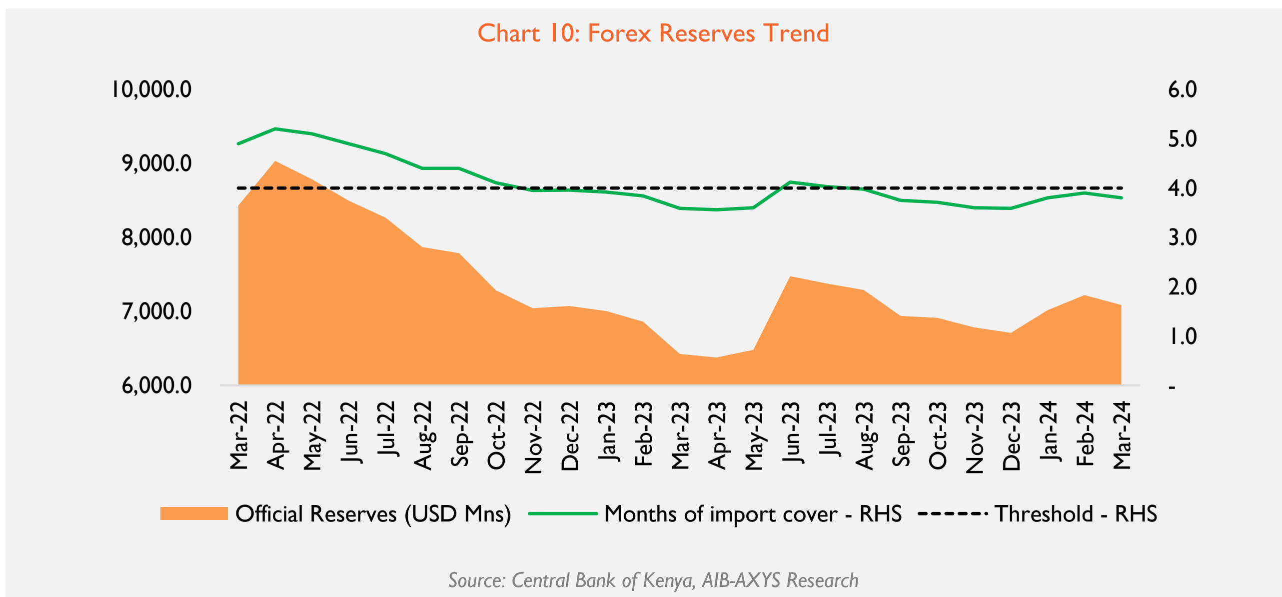
Table 1: KES Exchange Rate Movements YTD

KES Exchange Rates	31-Dec-2023	18-Apr-2024	YTD % change
Sterling Pound	199.85	163.82	▲ 22.0%
US Dollar	156.46	131.37	▲ 19.1%
Euro	173.65	140.31	▲ 23.8%
Chinese Yuan	22.03	18.15	▲ 21.4%
Japanese Yen (100)	110.98	85.16	▲ 30.3%
Indian Rupee	1.88	1.57	▲ 19.8%
South African Rand	8.58	6.92	▲ 24.0%
Kenya/Uganda Shilling	24.08	29.16	▲ 21.1%
Kenya/Tanzania Shilling	15.99	19.68	▲ 23.1%

Source: Central Bank of Kenya, AIB-AXYS Research

Bolstering Import Resilience: Forex Reserves

Kenya's stock of gross forex reserves lifted to USD 7,088Mn as of the end of Q1 2024 – enough to cover 3.8 months of import cover, up from 3.5 months in December 2023. We attribute the surge in reserves to accelerated dollar inflows recorded in February 2024, following the auction of a tax-free infrastructure bond issue – which recorded outsized interest among foreign investors. We anticipate sustained foreign direct investment inflows, privatization of state assets coupled with capital calls from multilateral guarantors to lift capital buffers closer to required thresholds.



Source: Central Bank of Kenya, AIB-AXYS Research

An Uphill Climb: Fiscal Performance

Fiscal revenue collection over the first nine months of fiscal year 2024 underwhelmed – recording a pro-rated performance of 82.3% of its revised Supplementary Budget I targets for the fiscal year 2024. Despite the Exchequer's efforts to mobilize revenues and broaden the tax base, revenue collection continues to lag. We expect that the full implementation of legislated taxes and levies outlined in the Finance Act 2023, alongside outlined proposals in the Medium-Term Revenue Strategy (MTRS) 2024-2027 will progressively raise the revenue-to-GDP ratio to the 20% target.

Slower fiscal revenue collection during the period corresponded with diminished government expenditure and transfers, with recurrent expenditure standing at 88.8%, amounting to KES 905.78Bn of the prorated KES 1,020.09Bn. Development expenditure absorption remained low at 60.5%, lower than the county government's absorption of 77.3%. The government tapped 87.1% - equivalent to KES 1,114.29Bn – of the prorated estimates of KES 1,278.64Bn over the first nine months of fiscal year 2024 in total net debt financing. Total outstanding public debt lifted to KES 11.25Tn as of January 2024.

The increased targets in the revised Supplementary Budget 1 of FY 2023/24, led to a widening of the budget deficit from the initial estimate of 4.4% of GDP to 5.3% of GDP. This increased deficit poses significant fiscal challenges, necessitating a re-evaluation of fiscal policies and a concerted effort to stabilize the economy and enhance revenue collection.

Table 2: Fiscal Performance for the first nine months of FY2023/2024 (KES Bn)

	Revised Estimates	Prorated Target	Actual Receipts	Performance
Opening Balance			2.62	
Tax Revenue	2,495.83	1,871.87	1,535.07	82.0%
Non-Tax Revenue	80.93	60.7	52.01	85.7%
Total Revenue	**2,576.76**	**1,932.57**	**1,589.70**	82.3%
Domestic Borrowing	851.9	638.92	603.82	94.5%
External Loans and grants	849.76	637.32	506.92	79.5%
Other domestic financing	3.19	2.39	3.54	148.1%
Total Financing	**1,704.85**	**1,278.64**	**1,114.29**	87.1%
Recurrent Expenditure	1,360.12	1,020.09	905.78	88.8%
Development Expenditure	457.22	342.91	207.55	60.5%
CFS Allocation	2,078.85	1,559.14	1,364.59	87.5%
County allocation	385.42	289.07	223.55	77.3%
Total Expenditure and transfers	**4,281.61**	**3,211.21**	**2,701.46**	84.1%

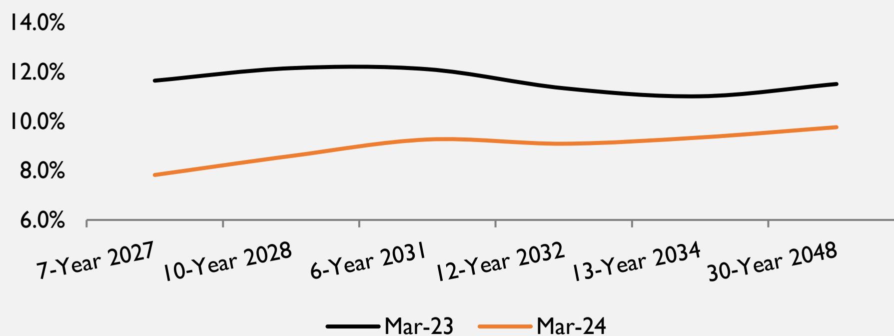
Source: The National Treasury and Planning, AIB-AXYS Research

Calm after the Storm: Eurobond Market

Kenya made a surprising comeback to international debt markets prompted by a need to allay risk sentiment regarding the repayment of the USD 2.0Bn bullet due in June 2024. Mentions about a potential buyback by the government met with mixed sentiment, leading to a quicker surge in yields. The government in February 2024, opened a one-week conditional buyback period that coincided with the issue of the newly amortized USD 1.5Bn, 9.75%, 2031 Eurobond. The new bond was floated at a discount, with the yield priced at 10.375% and repayments structured in three equal installments due in 2029, 2030, and 2031. The proceeds from this issuance were strategically earmarked to partially offset the maturing Eurobond.

This refinancing of the 2024 Eurobond enhanced external liability management operations, effectively mitigating liquidity risks arising from bullet repayments. Furthermore, the exercise of the early repayment option bolstered market confidence, as reflected in the easing of the Eurobond yield curve. Notably, the new bond issuance also extended the average maturity profile of Kenya's outstanding external debt – providing greater flexibility in managing future obligations.

Chart 11: Kenya Eurobond Yield Curve Evolution



Source: Central Bank of Kenya, AIB-AXYS Research

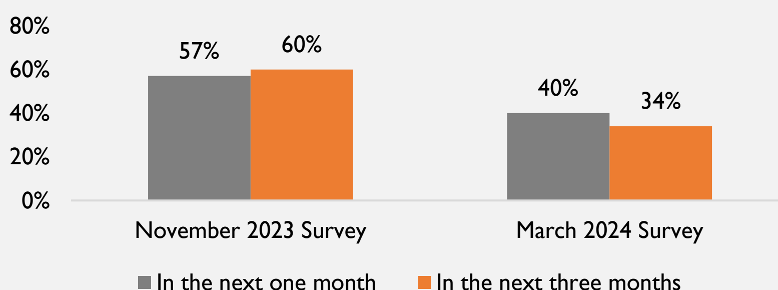
Yields on Kenya's Eurobonds declined to single-digit levels, signaling a resurgence of investor confidence in the Kenya's repayment ability. We expect external yields to remain stable over the medium-term, following the government's strategic move to allay refinancing risks associated with large bullet repayments.

In a bid to diversify its borrowing portfolio and explore alternative funding sources, the National Treasury is actively considering alternatives such as Samurai and Panda bonds as a strategic alternative for concessional borrowing.

Is it Finally Time to Ease?: Monetary Policy Outlook

The Central Bank of Kenya's Monetary Policy Committee (MPC) raised the benchmark rate by a further 50bps to 13.0% in February 2024 as the committee targeted to firmly anchor long-term inflation expectations as well as to mitigate exchange rate pressures. Surveys as per the Central Bank of Kenya's CEO's survey of March 2024, points to rising confidence that the current rates are adequate in fostering longer-term price stability. The survey indicates that the proportion of respondents that expected higher inflation over the next three months declined from 60% in November 2023 to 34% in March 2024. In our view, further softening of inflation expectations should nudge the Central Bank of Kenya to consider easing policy rates by the end of the year.

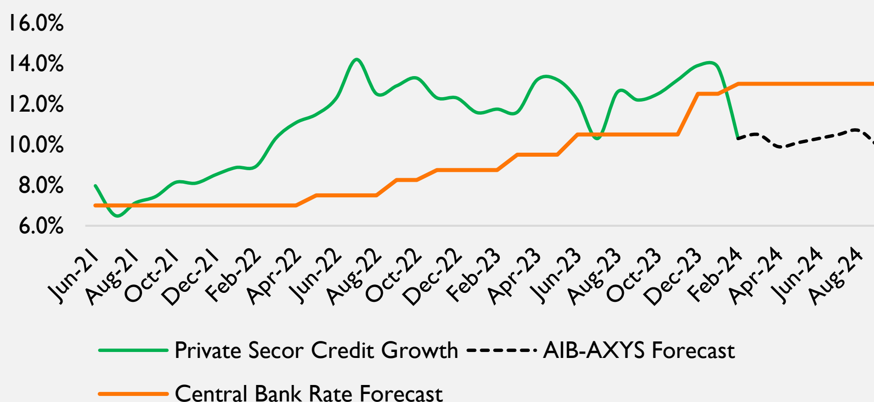
Chart 12: CBK CEOs Inflation Expectations Survey



Source: Central Bank of Kenya, AIB-AXYS Research

Looking ahead, we expect the Central Bank of Kenya to adopt a *wait-and-see* approach as the economy enters the last phase towards the midpoint inflation target. We expect the recent strengthening of the Kenya shilling to unwind passthrough benefits to price levels in the real economy. Yet, escalating geopolitical tensions pose supply disruption risks that could stoke inflationary upsurges in commodity prices and slow down activity. As such, we expect the Central Bank of Kenya will remain on guard to prevent losing the momentum achieved towards price stability. We expect credit demand will continue to tread lower amid elevated interest rates, and the extensive roll-out of risk-based credit pricing models.

Chart 13: Central Bank Rate and Private Sector Credit Growth Forecast



Source: Central Bank of Kenya, AIB-AXYS Research

Equities Outlook

Global public equity markets demonstrated sharper recovery amidst the simmering global uncertainty. Multisectoral divergences persisted across the listed equities market even as the segment continues to shake-off legacy effects of the *polycrisis*. Volatility across equity markets accelerated in the quarter, as market players priced-in mixed FY23 earnings data.

The MSCI All-Country Equities Index recorded a Q1 2024 average gross return of 8.3% in USD terms – accelerating from 6.8% in Q1 2023. We attribute this improvement to better-than-expected corporate FY23 performance, and broad expectations of interest rate declines – prompting a divestment away from fixed income assets back into equities. We expect the optimism to persist across the equity markets over the remainder of 2024.

Table 3: Regional Equities Performance (USD % Terms)

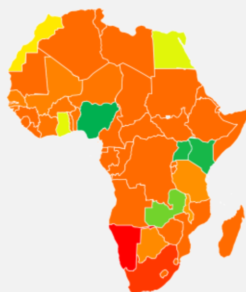
Regional Equities	Q1 2024 Return	Q1 2023 Return	Change
MSCI Developed Markets	9.01%	7.33%	▲ 1.7%
MSCI Emerging Markets	2.44%	2.88%	▼ (0.4%)
MSCI Frontier Markets	5.08%	0.95%	▲ 4.1%
MSCI All Country Average	**8.32%**	**6.82%**	▲ 1.5%

Source: MSCI World, AIB-AXYS Research

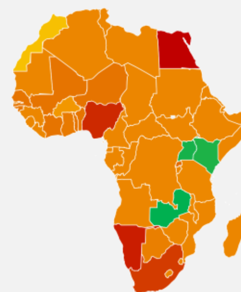
Regionally, African equities markets recorded improved performance over Q1 2024 to deliver an average return of 4.2% in local currency units (LCU). Nigeria posted the highest LCU return of 39.8% in Q1 2024 followed by Uganda and Kenya which posted returns totaling 22.9% LCU and 22.8% LCU, respectively. Namibia was the most depressed market, posting a discount of 6.4% LCU. However, the scales shift when we compare USD-equivalent performance for Q1 2024. Kenya was the best performing market in USD-adjusted returns, posting a gross return of 46.8%, while Egypt trailed to post a -27.6% USD equivalent return.

Chart 14(a) and (b): Africa Equities Return Heatmap

Q1 2024 Equities LCU Returns



Q1 2024 Equities USD Returns



Source: African-Markets, AIB-AXYS Research

Recovery on the Horizon: Kenyan Equities Outlook

Kenyan equities market witnessed a resurgence of confidence over the first quarter of 2024 as market indicators largely pointed in the positive trend on both quarterly and yearly perspectives. Aggregate trading turnover improved 56.9% q/q to KES 18.51Bn, driven by resilient corporate performance and broad expectations of interest rate declines. Total market capitalization similarly expanded 22.8% over the quarter, driven largely by renewed bullish sentiments on large-cap blue-chip equities.

Table 4: Kenya Equity Market Quarterly Statistics

Statistic	Q1'22	Q1'23	Q4'23	Q1'24	q/q change	y/y change
Equity Turnover (KES Mn)	27,767.2	22,053.1	11,795.1	18,508.6	▲ 56.9%	▼ (16.1%)
Market Cap (KES Bn)	2,425.5	1,756.3	1,439.0	1,767.0	▲ 22.8%	▲ 0.6%
NSE All share Index	155.7	112.8	92.1	113.1	▲ 22.8%	▲ 0.3%
NSE 10 Index			907.5	1,155.4	▲ 27.3%	-
NSE 20 Index	1,846.7	1,622.1	1,501.2	1,752.4	▲ 16.7%	▲ 8.0%
NSE 25 Index	3,565.1	2,965.9	2,380.2	2,975.4	▲ 25.0%	▲ 0.3%
Foreign buys	14,462.0	8,757.1	5,758.6	10,268.7	▲ 78.3%	▲ 17.3%
Foreign sales	15,730.2	13,868.9	8,086.3	12,317.6	▲ 52.3%	▼ (11.2%)
Net F. Flows	(1,678.4)	(5,114.5)	(2,379.1)	(2,227.9)	▼ (6.4%)	▼ (56.4%)
Total Volume Traded (Mn)	752.27	1,085.0	780.3	1,069.7	▲ 37.1%	▼ (1.4%)
Foreigners' Participation	54.4%	51.3%	58.7%	61.0%	▲ 2.3%	▲ 9.7%

* - *NSE 10 Index launched in September 2023*

Source: Nairobi Securities Exchange, AIB-AXYS Research

The Nairobi All-Share Index gained 22.8% over the first quarter of 2024 to close at 113.09 points. This outperformed the median African median return of 4.2% in local currency units over the same period. Foreigners' participation increased in both percentage and absolute terms – lifting 970bps y/y to 61.0% of total trading activity. The intensity of bearish sentiment declined considerably over the quarter, as signaled by the 6.4% decline in net outflows from a higher aggregate turnover. We noted increased demand for discounted blue chips among foreign and domestic institutional investors.

Table 5: NSE Top Movers Q1 2024

Top Movers 2024	Turnover (KES Mn)	Turnover (USD Mn)	Foreigners' Participation	Closing Price	% Change (YTD)
Safaricom Plc	KES 7,874.53	$60.32	73.6%	KES 17.75	▲ 27.7%
Equity Group Holdings	KES 4,703.97	$36.03	83.2%	KES 47.15	▲ 40.1%
KCB Group	KES 2,533.83	$19.41	33.9%	KES 30.05	▲ 37.2%
East African Breweries	KES 576.84	$4.42	42.6%	KES 130.50	▲ 14.5%
Co-operative Bank of Kenya	KES 444.88	$3.41	4.2%	KES 15.00	▲ 31.6%
Bamburi Cement	KES 376.27	$2.88	19.2%	KES 46.95	▲ 31.0%
Absa Bank Kenya	KES 317.97	$2.44	0.9%	KES 13.95	▲ 21.8%
KenGen Co.	KES 290.65	$2.23	54.4%	KES 2.42	▲ 20.4%
British American Tobacco Kenya	KES 200.24	$1.53	38.3%	KES 414.50	▲ 1.7%
Standard Chartered Bank	KES 155.06	$1.19	10.4%	KES 197.75	▲ 22.1%
Stanbic Holdings	KES 144.31	$1.11	26.5%	KES 126.50	▲ 16.3%
I&M Holdings	KES 123.18	$0.94	6.8%	KES 22.05	▲ 26.0%
Diamond Trust Bank	KES 84.30	$0.65	5.0%	KES 55.00	▲ 22.1%
Kenya Power & Lighting Co	KES 77.94	$0.60	26.6%	KES 1.86	▲ 31.0%
NCBA Group	KES 70.16	$0.54	2.2%	KES 43.80	▲ 12.5%

Source: Nairobi Securities Exchange, AIB-AXYS Research

The top traded counters over the first quarter of 2024 were ***Safaricom***, ***Equity Group Holdings*** and ***KCB Group*** with turnovers clocking KES 7.87Bn, KES 4.70Bn and KES 2.53Bn, respectively. Trading activity on popular blue-chip counters was marginally below levels noted in Q1 2023. However, we anticipate a sharper reversal in reversal of sentiment as key Central Banks hint at lowering policy rates later in the year.

Table 6: Top Q1 2024 Net Foreigners' Picks

Top Foreigner Net Buys Q1 2024	Turnover (KES Mn)	
East African Breweries	KES	269.09
KCB Group	KES	185.26
Kenya Power & Lighting Co	KES	10.25
Crown Paints Kenya	KES	8.95
Nairobi Securities Exchange	KES	1.84
Kenya Re Insurance Corporation	KES	0.25
Nairobi Business Ventures	KES	0.24
Carbacid Investments	KES	0.11
ILAM FAHARI I-REIT	KES	0.05
CIC Insurance Group	KES	0.03

Top Foreigner Net Sales Q1 2024	Turnover (KES Mn)	
Safaricom Plc	KES	(1,711.03)
Equity Group Holdings	KES	(440.86)
KenGen Co.	KES	(192.07)
Bamburi Cement	KES	(143.12)
British American Tobacco Kenya	KES	(51.31)
Stanbic Holdings	KES	(46.27)
Centum Investment	KES	(38.68)
Co-operative Bank of Kenya	KES	(17.58)
Standard Chartered Bank	KES	(11.02)
Umeme Ltd	KES	(10.87)

Source: Nairobi Securities Exchange, AIB-AXYS Research

Table 7 below shows the winners and losers in the capital gains dimension over the first quarter of 2024. Large-cap counters featured more prominently due to stronger FY'23 results and positive business cycle shifts. On the flipside, small and medium cap stock valuations reflected an ongoing pricing of fundamentals.

Table 7: Q1 2024 Winners and Losers (Capital Gains)

Top Gainers Q1 2024	Closing Price		% Change	Top Losers Q1 2024	Closing Price		% Change
Liberty Kenya Holdings	KES	5.48	▲ 48.5%	Home Afrika Ltd	KES	0.30	▼ (18.9%)
Equity Group Holdings	KES	47.15	▲ 40.1%	Standard Group	KES	6.50	▼ (16.0%)
KCB Group	KES	30.05	▲ 37.2%	Nairobi Business Ventures	KES	2.30	▼ (14.8%)
Co-operative Bank of Kenya	KES	15.00	▲ 31.6%	Unga Group	KES	14.75	▼ (12.5%)
Kenya Power & Lighting Co	KES	1.86	▲ 31.0%	ABSA New Gold ETF	KES	2,625.00	▼ (9.9%)
Bamburi Cement	KES	46.95	▲ 31.0%	ILAM FAHARI I-REIT	KES	5.68	▼ (9.8%)
Safaricom Plc	KES	17.75	▲ 27.7%	Trans-Century Plc	KES	0.49	▼ (5.8%)
I&M Holdings	KES	22.05	▲ 26.0%	Express Kenya Ltd	KES	3.49	▼ (5.7%)
Eveready East Africa	KES	1.35	▲ 25.0%	E.A.Cables	KES	0.92	▼ (5.2%)
Diamond Trust Bank	KES	55.00	▲ 22.1%	BK Group	KES	34.00	▼ (5.0%)

Source: Nairobi Securities Exchange, AIB-AXYS Research
**Prices as of 28th March 2024*

Liberty Kenya Limited recorded the highest valuation gains over the first quarter of 2024, to register a 48.5% return. ***Equity Group Holdings*** and ***KCB Group*** followed, posting 40.1% and 37.2% gains, respectively. On the flipside, ***Home Afrika*** recorded the worst valuation losses over the first quarter of 2024, declining 18.9%.

Table 8 below shows the top dividend-yielding stocks. ***Umeme Plc*** recorded the highest dividend yield of 19.4%. This was followed by ***Standard Chartered Kenya*** and ***KenGen*** which dividend yields of 17.9% and 14.9% respectively.

Table 8: Top Q1 2024 Dividend Picks (Dividend Yields)

Top Dividend Counters 2023	Dividend	Closing Price	Dividend Yield
Umeme Ltd	KES 3.11	KES 16.00	▲ 19.4%
Standard Chartered Bank	KES 29.00	KES 162.00	▲ 17.9%
KenGen Co.	KES 0.30	KES 2.01	▲ 14.9%
I&M Holdings	KES 2.55	KES 17.50	▲ 14.6%
Williamson Tea Kenya	KES 30.00	KES 208.00	▲ 14.4%
Stanbic Holdings	KES 15.35	KES 108.75	▲ 14.1%
Absa Bank Kenya	KES 1.55	KES 11.45	▲ 13.5%
Diamond Trust Bank	KES 6.00	KES 45.05	▲ 13.3%
Co-operative Bank of Kenya	KES 1.50	KES 11.40	▲ 13.2%
British American Tobacco Kenya	KES 50.00	KES 407.50	▲ 12.3%

Source: Nairobi Securities Exchange, AIB-AXYS Research
**Dividend Yield Computed on Ex-div Prices as of 29th December 2023*

Fixed Income Outlook

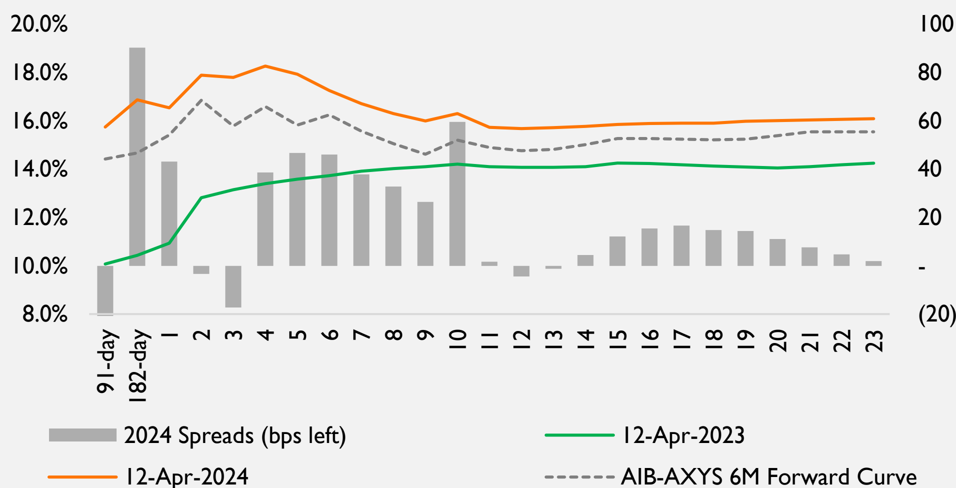
Activity across the Kenyan fixed income market soared to record highs over the first quarter of 2024, with market sentiment leaning towards a cautious easing of risk sentiment. Despite the prolonged monetary policy tightening over the past three years, improved fiscal confidence post-Eurobond 2024 refinancing, coupled with the ensuing strengthening of the Kenya shilling led investors to lower the macroeconomic risk premium in purchasing Treasuries.

Chart 14: NSE Secondary Bond Market Quarterly Turnover [Billions of KES] (2022-2024)

Source: NSE, AIB-AXYS Research

Trading volumes across the secondary market surged 156.0% y/y to KES 458.1Bn worth of Treasury Bonds. We attribute this surge in secondary market turnover to increased demand for the February 2024 infrastructure bond issue, which was floated at a multi-decade high coupon rate of 18.4607%. Given the easing risk sentiment, we expect higher trading activity over the remainder of 2024, arising particularly from expectations of an advancing bond price rally over coming quarters.

Chart 15: Kenya Domestic Yield Curve Evolution Q1 2024 and Forecast



Source: Nairobi Securities Exchange, AIB-AXYS Africa

The yield curve peaked off its upward momentum towards the close of Q1 2024, easing considerably on some segments of the term structure. Yields similarly adjusted downwards on some spots at the short end of the curve, driven by increased assertiveness by the Central Bank of Kenya to drive yields lower. At the tail-end, yields similarly began adjusting downwards, albeit at a slower pace, due to comparatively lower trading of long-duration bonds in a *higher-for-longer* rate environment. Looking ahead, we anticipate increased polarity between the Exchequer on the one hand, keen to lower the cost of debt and investors on the other, keen to maximize real returns.

Our six-month forward curve forecasts a downward parallel shift of the yield curve, with sizeable disturbance on the short end of the curve. We expect a sharper fall in yields on the short end of the curve as the yield curve paces towards normalization. Given the brewing global uncertainty – and likely implications on price levels, it is also likely that key central banks may raise interest rates, rather than lower them. In this scenario, we shall expect an upward recalibration of yields in the domestic debt market.

Portfolio Management

Constant shifts in the business cycle so far have presented tremendous opportunities for investors. At the start of the year, we pointed out that we were entering a regime of higher market volatility across and within asset classes. We called for more dynamism and selectivity in the allocation and choice of securities. We also highlighted the need for alternative strategies [including derivative overlays] to either hedge away risk or mitigate risk exposure. The operating principle was vigilance and a constant willingness to periodically tilt portfolios towards breakaway growth sectors.

So far, several investment assumptions have materialized. The Kenyan capital markets remain highly volatile – oscillating sharply from the relative worse position to the relative best market in a period of only one quarter. We also take better appreciation of the fact that Macros are highly correlated with both Equities and Duration Assets. Yet, correlation does not necessarily imply causation. It is vital for investors to shake off the recency bias – the tendency to give greater importance to the most recent events or most easily recallable events – as markets are set to remain increasingly volatile and business cycle peaks and troughs may evolve rapidly.

AIB-AXYS Africa Equities Portfolio Recommendation 2024

Given the dynamic market environment, we see several bright spots at this point of the economic cycle. We remain bullish on some select stocks in the agriculture, financial services, energy, construction, and telecommunication sectors. Below is a list of our rebalanced equities portfolio composition and weightings over the remainder of 2024.

Table 9: Rebalanced Q2 AIB-AXYS Equities Portfolio

Counter	Sector	Opening Price	Target Price	Expected Return	Q1 2024 Weight	Q2 2024 Weight
Kapchorua Tea	Agriculture	218.25	258.50	18.4%	10.0%	10.0%
Williamson Tea	Agriculture	231.25	266.00	15.0%	10.0%	10.0%
KCB Group	Banking	27.95	36.05	29.0%	0.0%	10.0%
Equity Group	Banking	42.10	50.75	20.5%	10.0%	7.5%
I&M Group	Banking	19.05	21.75	14.2%	10.0%	10.0%
NCBA Group	Banking	44.90	50.75	13.0%	10.0%	7.5%
CIC Group	Insurance	2.34	2.45	4.7%	10.0%	5.0%
Jubilee Holdings	Insurance	191.00	205.00	7.3%	10.0%	5.0%
Umeme Ltd.	Energy & Petroleum	15.65	18.00	15.0%	10.0%	10.0%
KenGen Plc.	Energy & Petroleum	2.21	2.50	13.1%	10.0%	5.0%
Bamburi Plc.	Construction & Allied	46.75	54.00	15.5%	10.0%	10.0%
Safaricom	Telecommunication	16.00	22.75	42.2%	0.0%	10.0%

Source: AIB-AXYS Africa Research

AIB-AXYS Africa Fixed Income Portfolio Recommendation Q2 2024

As interest rates begin to decline, we recommend investors extend their bond portfolio duration to lock-in the already high yields for longer and benefit from the bond price rally over coming quarters. For income-oriented investors we recommend this list of top coupon-paying bonds below.

Table 10: Top Ten bonds by Coupon Rate

Issue No.	Next Coupon Payment Date	Maturity Date	Tenor to Maturity (Years)	Fixed Coupon Rate*	Modified Duration (%)
IFB1/2024/8.5Yr	Aug-2024	Aug-2032	8.3	18.461%	4.3
FXD1/2024/003	Jul-2024	Jan-2027	2.7	18.385%	2.2
IFB1/2023/6.5Yr	May-2024	May-2030	6.1	17.933%	3.6
FXD1/2023/002	Feb-2024	Aug-2025	1.3	16.972%	1.3
FXD1/2023/005	Jul-2024	Jul-2028	4.2	16.844%	3.0
FXD1/2024/010	Sep-2024	Mar-2034	9.9	16.000%	4.8
IFB1/2023/007	Jun-2024	Jun-2030	6.2	15.837%	3.9
FXD1/2016/010	Feb-2024	Aug-2026	2.3	15.039%	1.9
IFB1/2023/017	Mar-2024	Feb-2040	15.9	14.399%	5.7
FXD1/2023/003	May-2024	May-2026	2.1	14.228%	1.8

Source: NSE, AIB-AXYS Research
**Fixed Coupon Rates are Gross of Withholding Tax where applicable.*

Annex 1: List of Primary Bond Auctions (Last 12 Months)

	Offered Amount (KES, Mn)	Paper(s)	Duration at Issuance (yrs)	Performance Rate	Coupon Rate (%)	Market Average Yield (%)	Accepted Average Yield (%)	Deviation from Yield Curve
Apr-23	20,000	FXD2/2018/010 - Re-open	5.8	**17.9%**	12.502%	14.393%	14.366%	▲ 64 bps
	10,000	IFB1/2023/017 - Tapsale	17.0	**51.2%**	14.399%			
	30,000	FXD1/2022/003 - Re-open	2.1		11.766%	13.839%	13.471%	▲ 66 bps
		FXD1/2019/015 - **Canceled**	10.9		12.857%	-	-	-
				24.4%				
May-23	20,000	FXD1/2023/003 - New Issue	3.0	**103.7%**	14.228%	14.259%	14.228%	▲ 89 bps
	10,000	FXD1/2023/003 - Tapsale	3.0	**106.0%**	14.228%			
	20,000	FXD1/2023/003 - Tapsale	3.0	**136.0%**	14.228%			
Jun-23	60,000	IFB1/2023/007 - New Issue	7.0	**367.5%**	15.857%	15.857%	15.837%	▲ 148 bps
	15,000	FXD1/2023/003 - Tapsale	3.0	**123.7%**	14.228%			
Jul-23	40,000	FXD1/2016/010 - Re-open	3.2		16.328%	16.582%	16.328%	▲ 208 bps
		FXD1/2023/005 - New Issue	5.0		16.844%	17.026%	16.844%	▲ 248 bps
				129.4%				
	20,000	FXD1/2016/010 - Tapsale	3.2		16.328%			
		FXD1/2023/005 - Tapsale	5.0		16.844%			
				222.1%				
Aug-23	40,000	FXD1/2023/002 - New Issue	2.0		16.972%	17.555%	16.972%	▲ 64 bps
		FXD1/2023/005 - Re-open	4.9		16.844%	18.165%	17.954%	▲ 173 bps
				132.5%				
	20,000	FXD1/2023/002 - Tapsale	1.9		16.972%			
		FXD1/2023/005 - Tapsale	4.9		16.844%			
				118.0%				
Sep-23	35,000	FXD1/2023/002 - New Issue	1.9		16.972%	17.583%	17.454%	▲ 45 bps
		FXD1/2016/010 - Re-open	2.9		15.039%	18.487%	17.927%	▲ 55 bps
				97.2%				
	15,000	FXD1/2023/002 - Tapsale	1.9		16.972%			
		FXD1/2016/010 - Tapsale	2.9		15.039%			
				23.0%				
Oct-23	35,000	FXD1/2023/002 - Re-open	1.9		16.972%	17.964%	17.736%	▼ (4 bps)
		FXD1/2023/005 - Re-open	4.8		16.844%	18.465%	17.992%	▲ 34 bps
				35.1%				
Nov-23	50,000	IFB1/2023/6.5 - New Issue	6.5	**177.8%**	17.933%	18.104%	17.933%	▲ 40 bps
Dec-23	25,000	IFB1/2023/6.5 - Tapsale	6.5	**191.5%**	17.933%			
Jan-24	35,000	FXD1/2024/003 - New Issue	3		18.385%	18.770%	18.385%	▲ 43 bps
		FXD1/2024/005 - Re-open	4.5		16.844%	19.068%	18.770%	▲ 111 bps
				106.1%				
	15,000	FXD1/2024/003 - Tap Sale	3		18.385%			
		FXD1/2024/005 - Tap Sale	4.5		16.844%			
				78.4%				
Feb-24	70,000	IFB1/2024/8.5 - New Issue	6.8		18.461%	18.622%	18.461%	▲ 125 bps
				412.4%				
Mar-24	40,000	FXD1/2024/003 - Re-open	2.9	**107.7%**	18.385%	18.516%	18.422%	▲ 11 bps
		FXD1/2023/005 - Re-open	4.4		16.844%	18.595%	18.410%	▼ (34 bps)
		FXD1/2024/010 - New	10		16.000%	17.759%	16.519%	▲ 53 bps
				149.3%				
Average*	**39,583**		**5.1**	**139.8%**	**16.317%**	**17.348%**	**17.053%**	**▲ 81 bps**

Source: CBK, AIB-AXYS Research, ** - Yearly average results excludes tap sales*

Annex II: AIB-AXYS Equities Market Scorecard as of 31st March 2024

AGRICULTURAL	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Eaagads Ltd	**13.95**	-	-	0	35.67	448.6	(0.49)	-	(28.4x)	0.4x	0.0%	0.0%	0.0%	0.0%
Kakuzi Plc	**371.25**	-	▼ (3.6%)	0	302.55	7,276.5	23.14	24.00	16.0x	1.2x	6.5%	103.7%	7.6%	6.3%
Kapchorua Tea Kenya Plc	**229.75**	-	▲ 6.9%	0	242.08	1,797.6	53.23	25.00	4.3x	0.9x	10.9%	62.2%	22.0%	15.8%
The Limuru Tea Co. Plc	**380.00**	-	-	0	80.09	912.0	3.38	1.00	112.4x	4.7x	0.3%	29.6%	4.2%	3.6%
Sasini Plc	**20.35**	▲ 4.8%	▲ 1.8%	2,100	63.75	4,640.9	2.41	1.50	8.4x	0.3x	7.4%	62.2%	3.8%	3.4%
Williamson Tea Kenya Plc	**235.00**	▲ 1.2%	▲ 13.0%	100	368.88	4,115.5	41.45	30.00	5.7x	0.6x	12.8%	103.4%	11.2%	8.4%
Industry Median		**-**	**▲ 0.9%**			**19,191.1**			**7.1x**	**0.8x**	**6.9%**	**62.2%**	**5.9%**	**4.9%**

AUTOMOBILES & ACCESSORIES	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Car & General (K) Ltd	**29.00**	▼ (10.0%)	▲ 16.0%	500	216.04	1,163.0	1.80	0.80	16.1x	0.1x	2.8%	9.4%	0.8%	0.4%

BANKING	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
ABSA Bank Kenya Plc	**13.95**	▲ 1.9%	▲ 21.8%	296,800	12.74	75,769.9	3.01	1.55	4.6x	1.1x	11.1%	51.5%	23.6%	3.1%
BK Group Plc	**34.00**	▼ (0.3%)	▼ (5.0%)	1,300	49.40	30,489.8	10.26	3.90	3.3x	0.7x	11.5%	38.0%	20.8%	3.6%
Diamond Trust Bank Kenya Ltd	**55.00**	▼ (5.2%)	▲ 22.1%	124,400	308.84	15,378.1	24.60	6.00	2.2x	0.2x	10.9%	24.4%	8.0%	1.1%
Equity Group Holdings Plc	**47.15**	▼ (1.1%)	▲ 40.1%	79,800	57.80	177,928.8	11.12	4.00	4.2x	0.8x	8.5%	36.0%	19.2%	2.3%
HF Group Plc	**4.21**	▼ (3.3%)	▲ 21.0%	6,300	23.05	1,619.2	1.01	-	4.2x	0.2x	0.0%	0.0%	4.4%	0.6%
I&M Group Plc	**22.05**	▼ (0.7%)	▲ 26.0%	256,300	53.32	36,462.4	7.63	2.55	2.9x	0.4x	11.6%	33.4%	14.3%	2.2%
KCB Group Plc	**30.05**	▼ (0.8%)	▲ 37.2%	3,708,400	71.05	96,564.6	11.66	-	2.6x	0.4x	0.0%	0.0%	16.4%	1.7%
NCBA Group Plc	**43.80**	▲ 0.2%	▲ 12.5%	376,100	58.67	72,161.4	13.02	4.75	3.4x	0.7x	10.8%	36.5%	22.2%	2.9%
Stanbic Holdings Plc	**126.50**	▼ (1.9%)	▲ 16.3%	496,900	173.41	50,008.2	30.75	15.35	4.1x	0.7x	12.1%	49.9%	17.7%	2.6%
Standard Chartered Bank Kenya Ltd	**197.75**	-	▲ 22.1%	24,000	162.85	74,719.9	36.17	29.00	5.5x	1.2x	14.7%	80.2%	22.2%	3.2%
The Co-operative Bank of Kenya Ltd	**15.00**	▼ (1.4%)	▲ 31.6%	341,800	19.35	88,007.7	3.92	1.50	3.8x	0.8x	10.0%	38.3%	20.3%	3.4%
Industry Median		**▼ (0.8%)**	**▲ 22.1%**			**719,109.9**			**3.8x**	**0.7x**	**10.9%**	**36.5%**	**19.2%**	**2.6%**

COMMERCIAL AND SERVICES	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Eveready East Africa Ltd	**1.35**	▼ (5.4%)	▲ 25.0%	2,900	0.30	283.5	(0.28)	-	(4.8x)	4.6x	0.0%	0.0%	0.0%	0.0%
Express Kenya Plc	**3.49**	-	▼ (5.7%)	0	12.33	166.5	(0.73)	-	(4.8x)	0.3x	0.0%	0.0%	0.0%	0.0%
Homeboyz Entertainment Plc	**4.66**	-	-	0	0.27	294.5	(0.97)	-	(4.8x)	17.4x	0.0%	0.0%	0.0%	0.0%
Longhorn Publishers Plc	**2.30**	-	▼ (4.6%)	10,000	0.39	626.6	(2.45)	-	(0.9x)	5.8x	0.0%	0.0%	0.0%	0.0%
Nairobi Business Ventures Ltd	**2.30**	-	▼ (14.8%)	0	0.48	3,113.5	0.01	-	249.0x	4.8x	0.0%	0.0%	1.9%	1.6%
Nation Media Group Plc	**21.00**	-	▲ 4.7%	41,600	40.82	4,355.3	0.40	1.50	52.5x	0.5x	7.1%	88.2%	1.0%	0.5%
Sameer Africa Plc	**2.40**	-	▲ 5.7%	0	1.70	668.0	0.17	-	14.1x	1.4x	0.0%	0.0%	10.0%	3.2%
Standard Group Plc	**6.50**	-	▼ (16.0%)	200	0.96	531.3	(7.93)	-	(0.8x)	6.8x	0.0%	0.0%	0.0%	0.0%
TPS Eastern Africa (Serena) Ltd	**15.70**	-	▼ (4.6%)	600	55.35	2,860.1	1.46	-	10.8x	0.3x	0.0%	0.0%	2.6%	1.4%
Uchumi Supermarket Plc	**0.19**	-	▲ 11.8%	24,900	-11.73	69.3	(5.56)	-	(0.0x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
WPP Scangroup Plc	**2.35**	▲ 6.4%	▲ 7.8%	195,400	11.58	1,015.6	(0.05)	-	(47.0x)	0.2x	0.0%	0.0%	0.0%	0.0%
Industry Median		**-**	**-**			**13,984.3**			**(0.6x)**	**1.0x**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

CONSTRUCTION & ALLIED	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Bamburi Cement Ltd	**46.95**	▼ (0.1%)	▲ 31.0%	19,000	110.10	17,040.9	0.49	0.75	95.8x	0.4x	1.6%	133.9%	0.4%	0.4%
Crown Paints Kenya Plc	**39.55**	-	▲ 10.9%	0	26.45	5,630.4	4.03	4.00	9.8x	1.5x	10.1%	69.1%	15.2%	7.1%
E.A Cables Ltd	**0.92**	-	▼ (5.2%)	1,900	2.03	232.9	(1.01)	-	(0.9x)	0.5x	0.0%	0.0%	0.0%	0.0%
E.A Portland Cement Co. Ltd	**7.92**	▲ 4.2%	▼ (1.0%)	1,500	204.83	712.8	(14.19)	-	(0.6x)	0.0x	0.0%	0.0%	0.0%	0.0%
Industry Median		**-**	**▲ 5.0%**			**23,617.0**			**4.6x**	**0.4x**	**0.8%**	**34.5%**	**0.2%**	**0.2%**

ENERGY & PETROLEUM	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
KenGen Co. Plc	**2.42**	▼ (5.1%)	▲ 20.4%	1,200,700	41.72	15,958.7	0.72	0.30	3.4x	0.1x	12.4%	39.5%	1.7%	0.9%
Kenya Power & Lighting Co Plc	**1.86**	▼ (4.9%)	▲ 31.0%	828,200	29.13	3,629.7	(1.64)	-	(1.1x)	0.1x	0.0%	0.0%	0.0%	0.0%
TotalEnergies Marketing Kenya Plc	**18.15**	▼ (4.3%)	▲ 0.8%	400	48.02	11,426.2	3.93	1.31	4.6x	0.4x	7.2%	33.8%	8.2%	4.1%
Umeme Ltd	**15.20**	▲ 1.3%	▼ (5.0%)	3,600	19.64	24,682.9	0.24	3.11	62.9x	0.8x	20.5%	1287.5%	1.2%	0.5%
Industry Median		**▼ (4.6%)**	**▲ 10.6%**			**55,697.6**			**4.0x**	**0.2x**	**9.8%**	**36.6%**	**1.5%**	**0.7%**

INSURANCE	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Britam Holdings Plc	**5.00**	▲ 0.3%	▲ 4.4%	109,500	9.33	12,617.4	1.13	-	4.4x	0.5x	0.0%	0.0%	12.1%	1.7%
CIC Insurance Group Ltd	**2.23**	▼ (3.7%)	▼ (0.4%)	62,700	3.35	5,832.7	0.58	0.13	3.8x	0.7x	5.8%	32.5%	17.3%	3.0%
Jubilee Holdings Ltd	**197.50**	▲ 3.0%	▲ 6.8%	4,700	648.33	14,313.4	62.29	11.00	3.2x	0.3x	5.6%	12.5%	9.6%	2.5%
Kenya Re- Insurance Corporation Ltd	**2.21**	▼ (0.5%)	▲ 17.6%	96,100	14.73	6,187.5	1.31	0.20	1.7x	0.2x	9.0%	15.5%	8.9%	5.0%
Liberty Kenya Holdings Ltd	**5.48**	▼ (5.9%)	▲ 48.5%	7,500	16.93	2,935.7	0.91	-	6.0x	0.3x	0.0%	0.0%	5.4%	1.1%
Sanlam Kenya Plc	**6.46**	-	▲ 7.7%	0	5.70	930.2	(1.32)	-	(4.9x)	1.1x	0.0%	0.0%	0.0%	0.0%
Industry Median		**▼ (0.2%)**	**▲ 7.2%**			**42,817.0**			**3.5x**	**0.4x**	**2.8%**	**6.2%**	**9.3%**	**2.1%**

INVESTMENT	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Centum Investment Co Plc	**8.02**	▼ (1.5%)	▼ (4.5%)	90,200	57.62	5,337.7	(5.01)	0.60	(1.6x)	0.1x	7.5%	(9.6%)	0.0%	0.0%
Home Afrika Ltd	**0.30**	-	▼ (18.9%)	4,100	-6.61	121.6	(0.11)	-	(2.7x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
Kurwitu Ventures Ltd	**1500.00**	-	-	0	502.63	153.4	(19.22)	-	(78.1x)	3.0x	0.0%	0.0%	0.0%	0.0%
Olympia Capital Holdings Ltd	**3.40**	-	▲ 4.0%	16,100	25.44	136.0	0.61	-	5.6x	0.1x	0.0%	0.0%	2.4%	1.7%
Trans-Century Plc	**0.49**	-	▼ (5.8%)	19,900	-24.20	183.8	(9.11)	-	(0.1x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
Industry Median		**-**	**▼ (4.5%)**			**5,932.6**			**(1.6x)**	**0.1x**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

INVESTMENT SERVICES	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Nairobi Securities Exchange Plc	**6.62**	▼ (1.9%)	▲ 10.0%	28,400	6.99	1,723.8	0.07	0.16	94.6x	0.9x	2.4%	228.6%	1.0%	0.9%

MANUFACTURING & ALLIED	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
B.O.C Kenya Plc	**83.50**	-	▲ 1.8%	0	83.26	1,630.4	6.13	4.40	13.6x	1.0x	5.3%	79.3%	7.4%	5.7%
British American Tobacco Kenya Plc	**414.50**	▼ (0.8%)	▲ 1.7%	84,400	162.50	41,450.0	55.68	50.00	7.4x	2.6x	12.1%	89.8%	34.3%	23.2%
Carbacid Investments Plc	**16.60**	▲ 1.5%	▲ 10.7%	4,700	16.33	4,230.5	3.20	1.70	5.2x	1.0x	10.2%	53.1%	19.6%	19.9%
East African Breweries Plc	**130.50**	▲ 0.2%	▲ 14.5%	64,400	37.27	135,493.7	10.62	5.50	12.3x	3.5x	4.2%	44.1%	28.5%	7.7%
Flame Tree Group Holdings Ltd	**1.15**	▲ 0.9%	▲ 10.6%	5,500	7.67	204.8	(0.92)	-	(1.2x)	0.1x	0.0%	0.0%	0.0%	0.0%
Kenya Orchards Ltd	**19.50**	-	-	0	2.12	250.9	0.13	-	150.0x	9.2x	0.0%	0.0%	6.1%	1.2%
Unga Group Ltd	**14.75**	▼ (1.0%)	▼ (12.5%)	1,700	72.52	1,116.7	(9.78)	-	(1.5x)	0.2x	0.0%	0.0%	0.0%	0.0%
Industry Median			**▲ 1.8%**			**184,377.0**			**7.4x**	**1.0x**	**4.2%**	**44.1%**	**7.4%**	**5.7%**

TELECOMMUNICATION	Current Price	Daily Change (%)	YTD change (%)	Volumes Traded	Book Value per Share	Market Cap (KES, Mn)	Trailing EPS	Dividend Per Share	P/E Ratio	P/B Ratio	Dividend yield (%)	Payout Ratio (%)	ROE (%)	ROA (%)
Safaricom Plc	**17.75**	▲ 1.8%	▲ 27.7%	3,761,800	8.62	711,161.3	1.65	1.20	10.8x	2.1x	6.8%	77.4%	19.1%	10.6%
Market Average		**▲ 0.4%**	**▲ 19.6%**						**13.6x**	**0.7x**	**4.3%**		**5.9%**	**2.6%**

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