

AFRICAN MARKET WATCH

INDEX	COUNTRY	CLOSE	Weekly Chg	YTD
NSE-20 Index	Kenya	3,706.80	2.1%	14.1%
NASI All Share	Kenya	80.63	1.8%	12.5%
AIG-27 Index	Kenya	478.71	1.4%	10.9%
ALSI	Uganda	827.31	1.7%	12.9%
DSEI	Tanzania	1,181.86	0.0%	-0.9%
LUSE All Share	Zambia	2,615.32	-0.5%	-6.4%
MASI	Malawi	5,155.10	0.0%	0.0%
ZSE Industrial	Zimbabwe	133.51	-4.9%	-12.1%

Source: Respective Exchange Websites; YTD = Year to Date (i.e., 31st December 2009)

WEEKLY STATISTICS

	26-02-10	05-03-10	Change
Market Cap (Ksh bn)	922	939	1.8%
Traded Volume (mn)	87	86	-1.0%
Weekly Turnover (Ksh mn)			
Equity	915	1,260	37.7%
Bonds	8,868	16,541	86.5%
Weekly Deals			
Equity	8,250	8,507	3.1%
Bonds	107	223	108.4%

Source: NSE

MARKET MOVERS

Weekly Price Gainers		
Williamson Tea	176.00	31.3%
Kakuzi Limited	58.50	23.8%
Sameer Africa Group	8.05	22.9%
Weekly Price Losers		
Crown Berger	25.75	-4.6%
Kenya Airways	47.25	-4.5%
Total Kenya	29.75	-4.0%
Weekly Volume Movers		
Safaricom Limited	39,939,300	17.0%
Equity Bank Group	13,372,100	269.2%
Co-Operative Bank	9,369,200	-51.9%

Source: NSE

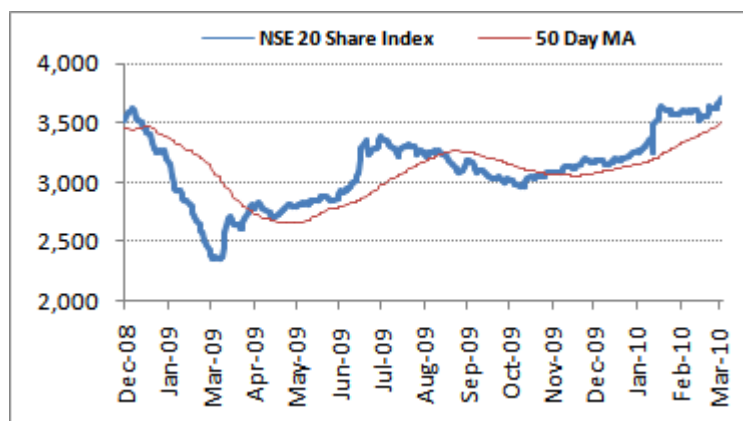
RECOMMENDED BUYS

Company	Duration	Price	PE	Div Yld
Bamburi Cement	Long Term	185.00	10.1x	5.95%
TPS Eastern Africa	Long Term	48.25	23.0x	2.59%
KPLC	Short Term	164.00	4.0x	4.88%
Kenya Reinsurance	Short Term	12.90	6.5x	3.88%
Mumias Sugar	Short Term	9.75	9.3x	4.10%

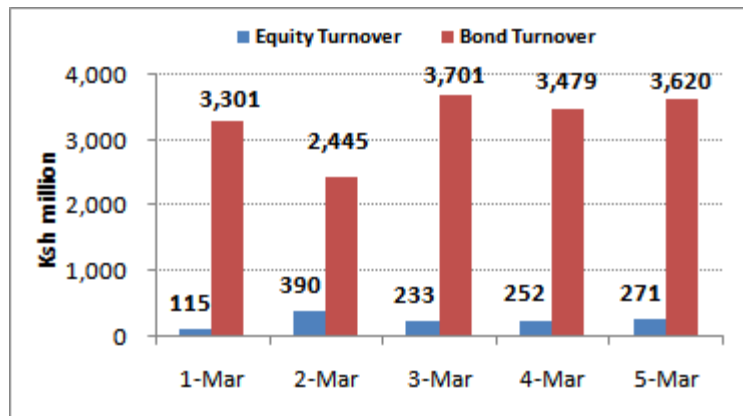
IN THE NEWS

Last week the NSE blue chips and overall market closed the week higher. The regional markets largely posted positive gains except the ZSE Industrial index. The Zimbabwean government passed the indigenisation act last month that compelled foreign owed companies to sell 51% to locals over a five year period. The decline in the ZSE index may have been attributed to the passing of this law. Despite the lower NSE volumes traded all other indicators edged higher; but, secondary bond trading was significantly more vibrant last week. Following the earnings announcements made last week the NSE 20 Index P/E declined from 15.2x to 15.1x.

Again the weekly gainers came from the agricultural sector; however, we believe that the prices of certain counters such as Sasini have reached their peak. We expect the remainder of the earnings announcements from the banking & cement counters to come in this week. Already 16 of the 20 stocks in the NSE 20 Index have announced their 2009 earnings.



Source: NSE



Source: NSE

MONEY MARKET WATCH

Monetary Policy Operations

The money market realized tighter during the week from 25th February to 3rd March, 2010. The CBK injected Ksh10.8 billion through its market operations on 1st March, 2010 as expected to alleviate the liquidity squeeze brought upon by the previous public auctions. We expect smaller injections next week. Last week the reverse repo rate rose 2bp from 2.50% to 2.52%.

Exchange Rate Movements

Last week the dollar/shilling exchange rate saw less volatility. CBK attributed the shilling strength to support by agriculture sector foreign exchange inflows amid subdued forex demand. The movements in the rand/shilling rate were attributed to speculation over currency flows targeting the World Cup.

	26-02-10	05-03-10	
Ksh to US Dollar	76.90	76.74	0.20%
Ksh to Sterling Pound	117.53	115.45	1.77%
Ksh to Euro	104.48	104.24	0.23%
Ksh to Rand	9.92	10.23	3.09%
Ugx to Ksh	26.61	26.78	0.64%
Tsh to Ksh	17.71	17.63	-0.46%
Ksh to Dirham	20.94	20.89	0.20%
Yen to Ksh	86.13	85.96	-0.20%

Source: Central Bank of Kenya

Treasury Bill Auction Results

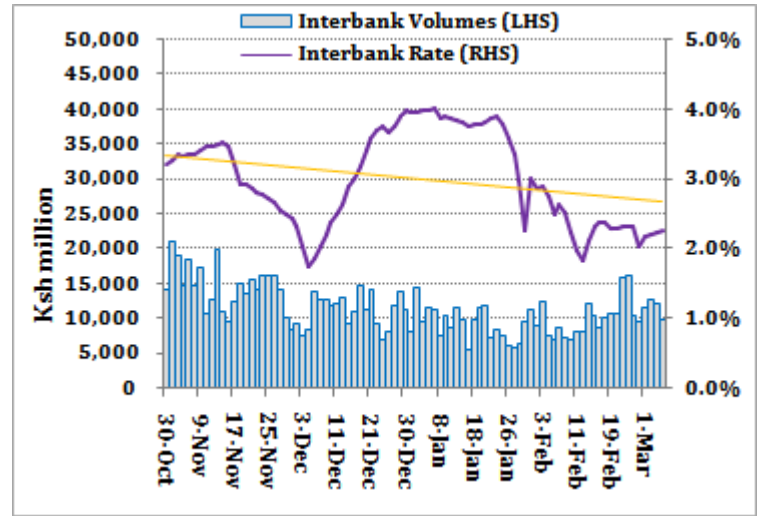
Last week's 182-day T-bill was oversubscribed registering a 191.6% subscription and the average rate declined marginally by 10bp to 6.497% from 6.599%. Kenya's gross domestic debt is up 27.7% at Ksh608.10 billion over a similar period in 2009 and this week the Treasury is expected to garner Ksh5.0 billion in new borrowings from the weekly 91 day T-bill auction.

Treasury Bond Market

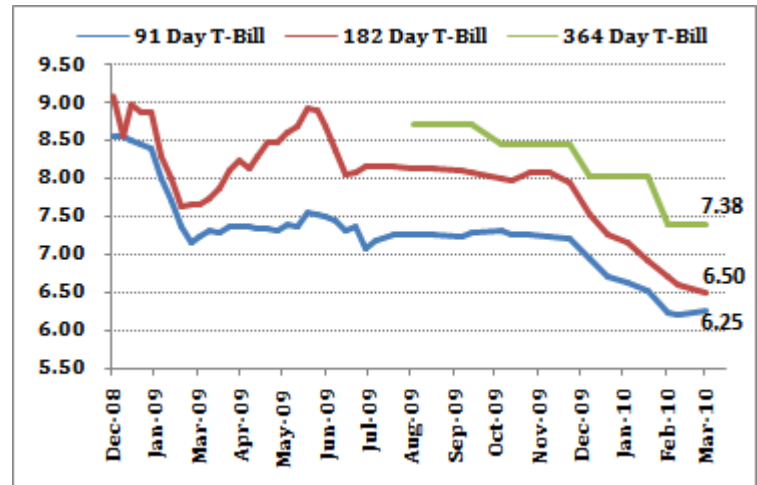
Following the decline in yield for the medium term note, the NSE yield curve continued to shift downwards during the week. Secondary trading in the long term paper was extremely good with the 10 year bond turning over Ksh3.6 bn (\$47 mn) against Ksh1.8 bn (\$24 mn) the previous week. The third infrastructure bond also traded well realizing Ksh4.0 bn (\$52 mn) from 27 deals. In the medium term we expect secondary trading activity to pick up at the bond market as short and medium term rates continue to fall. The statistics bureau announced a new CPI index during the week that reflected m-o-m inflation of 5.2%. Commercial banks can now also apply for licenses from the NSE to trade govt bonds on the secondary market and market observers expect this will boost liquidity.

Interbank Activity

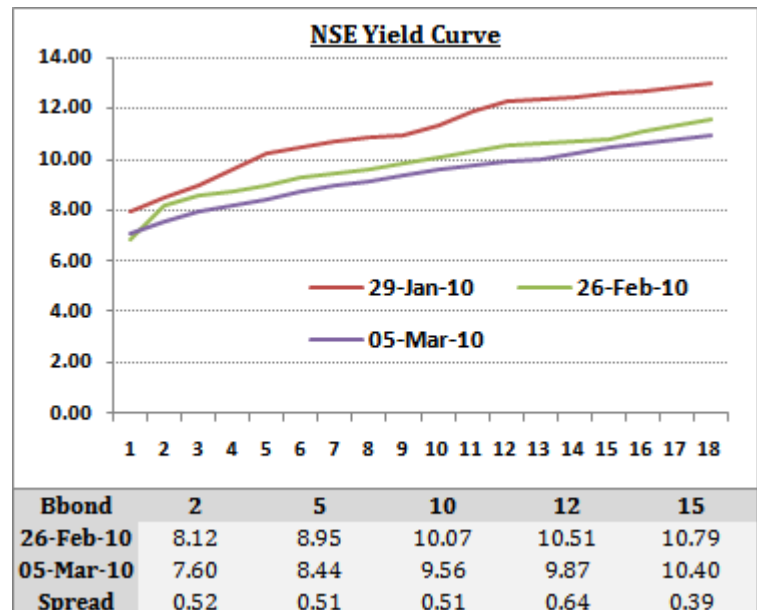
The average interbank declined by 11bp from 2.29% to 2.18% last week. Interbank volumes also decline by 12.6% from Ksh63.7 billion to Ksh55.7 billion.



Source: Central Bank of Kenya



Source: Central Bank of Kenya



Source: NSE

A summary of NSE earnings announcements so far for the 2009 financial year

Company	Revenues	Rev	Net Profit	EPS	Last 12 month		Div	Net Profits as % of		
	Ksh mn	Growth	Ksh mn	Growth	EPS	DPS	Growth	Revenues	Assets	Equity
Rea Vipingo Plantations	1,371.1	1.1%	148.9	-11.5%	2.48	0.50	150.0%	10.9%	10.5%	15.3%
Sasini Limited	2,182.1	49.2%	526.0	-39.9%	2.30	0.40	-	24.1%	6.6%	9.3%
Car & General	4,349.5	45.1%	198.0	-6.5%	8.80	0.67	0.0%	4.6%	6.2%	15.1%
CMC Holdings	11,728.1	2.1%	539.6	-41.8%	0.93	0.35	-22.2%	4.6%	4.1%	10.2%
Kenya Airways	71,829.0	18.8%	(4,083.0)	-189.2%	(8.85)	1.00	-42.9%	-5.7%	-5.4%	-23.8%
Marshalls EA	592.8	-33.7%	(117.5)	-30.8%	(8.16)	0.00	-	-19.8%	-8.2%	-24.6%
Safaricom Limited	70,480.0	14.8%	10,610.0	-23.4%	0.27	0.10	100.0%	15.1%	10.9%	18.3%
Uchumi Supermarkets	8,232.8	21.2%	420.6	342.3%	2.34	0.00	-	5.1%	17.2%	-233.0%
Barclays Bank	23,397.3	-1.0%	6,091.0	10.2%	4.49	2.50	25.0%	26.0%	3.7%	25.2%
Centum Investments	391.6	-32.7%	313.2	-63.9%	0.57	0.45	0.0%	80.0%	4.3%	4.7%
Equity Bank	15,676.2	24.4%	4,234.0	8.3%	1.14	0.40	33.3%	27.0%	4.2%	18.5%
Housing Finance	1,374.4	31.6%	234.2	71.7%	1.02	0.50	66.7%	17.0%	1.3%	5.7%
Kenya Commercial Bank	22,593.8	16.3%	4,083.9	-2.5%	1.84	1.00	0.0%	18.1%	2.1%	17.9%
NIC Bank	3,875.5	21.4%	1,085.7	4.6%	3.31	0.50	0.0%	28.0%	2.3%	16.0%
Olympia Capital	501.9	-63.3%	(61.4)	-398.3%	(1.53)	0.10	-50.0%	-12.2%	-7.8%	-11.0%
Standard Chartered Bank	12,436.5	22.2%	4,732.8	45.6%	16.78	12.00	20.0%	38.1%	3.8%	34.0%
BOC Gases	1,285.4	0.1%	153.9	-23.2%	7.88	6.80	0.0%	12.0%	7.7%	9.8%
Bamburi Cement	29,994.0	9.2%	6,649.0	108.6%	18.32	11.00	83.3%	22.2%	25.9%	31.8%
BAT Kenya	11,095.0	7.9%	1,478.0	-13.1%	14.78	14.75	-13.2%	13.3%	14.0%	31.6%
Carbacid Investments	552.9	42.8%	256.4	53.7%	22.63	15.00	50.0%	46.4%	18.6%	22.0%
East African Cables	2,811.9	-28.4%	308.1	-21.5%	1.52	1.00	0.0%	11.0%	8.7%	18.5%
Portland Cement	8,101.4	12.4%	1,834.1	241.8%	20.38	1.30	-50.0%	22.6%	15.0%	27.7%
East African Breweries	34,407.7	5.9%	7,188.5	-4.8%	9.09	8.05	0.0%	20.9%	19.0%	31.4%
Eveready East Africa	1,645.2	-7.3%	28.3	58.5%	0.14	0.00	-	1.7%	2.8%	7.2%
KPLC	66,363.0	58.9%	3,225.0	82.7%	40.78	8.00	100.0%	4.9%	4.3%	12.0%
KenGen	12,652.4	9.6%	2,070.9	-64.9%	0.94	0.50	-44.4%	16.4%	1.5%	3.3%
Mumias Sugar	11,791.7	-1.5%	1,610.0	32.6%	1.05	0.40	0.0%	13.7%	9.2%	15.4%
Sameer Africa	3,278.1	8.3%	158.0	4.7%	0.57	0.50	-	4.8%	5.3%	6.9%
Total Kenya	32,677.2	-26.7%	482.6	-31.4%	1.62	1.00	-60.0%	1.5%	4.5%	5.4%
Unga Group	11,643.6	23.2%	117.3	-49.4%	1.86	0.00	-	1.0%	2.0%	3.6%
City Trust	36.2	-3.7%	29.4	-10.0%	5.13	1.00	100.0%	81.3%	11.2%	11.4%
Williamson Tea	1,490.0	25.7%	109.9	212.7%	12.62	4.00	700.0%	7.4%	2.8%	4.2%
Kapchorua Tea	743.1	29.2%	69.9	200.2%	17.87	2.50	400.0%	9.4%	6.0%	10.1%

Source: Published Results

Expected earnings announcements this week

COMPANY	EXPECTED EVENT	DATE
Kakuzi Limited	Full Year Earnings	8-Mar-2010
Carbacid Investments	6 Month Earnings	8-Mar-2010
Co-Operative Bank	Full Year Earnings	9-Mar-2010
Diamond Trust Bank	Full Year Earnings	10-Mar-2010
Standard Group	Full Year Earnings	12-Mar-2010
Athi River Mining	Full Year Earnings	12-Mar-2010

NSE STOCK MARKET WATCH – 05TH MARCH 2010

LARGE TO MEDIUM CAP STOCKS

Ordinary Shares	Average prices Last Fri	Average prices This Fri	Weekly Price Change	Weekly Traded Shares	Shares Issued (mn)	Market Capitalization KSh mn	Market Capitalization USD mn	Weekly Turnover Ksh mn	EPS Ksh	12m P / E	12m PBV	2009 1st Qtr EPS	2009 Half Year EPS	2009 9 month EPS	DPS Ksh	Div Cover (times)
Safaricom Limited	5.40	5.40	0.0%	39,939,300	40,000	216,000.0	2,814.5	215.2	0.27	20.4	4.0	-	0.17	-	0.10	2.7
E. A. Breweries	152.00	155.00	2.0%	201,800	791	122,570.0	1,597.1	31.1	9.09	17.1	5.4	-	4.67	-	8.05	1.1
Barclays Bank Kenya	50.50	52.00	3.0%	629,000	1,358	70,610.0	920.1	32.4	4.49	11.6	2.9	-	-	-	2.50	1.8
Bamburi Cement	170.00	185.00	8.8%	112,900	363	67,147.5	874.9	20.9	18.32	10.1	3.2	-	-	-	11.00	1.7
Standard Chartered Bank Kenya	178.00	188.00	5.6%	165,700	272	51,129.9	666.2	30.7	16.78	11.2	3.7	-	-	-	12.00	1.4
Equity Bank	15.60	15.70	0.6%	13,372,100	3,703	58,133.6	757.5	210.1	1.14	13.8	2.5	-	-	-	0.40	2.9
K.C.B.	20.50	20.50	0.0%	4,133,400	2,218	45,464.4	592.4	84.0	1.84	11.1	2.0	-	-	-	1.00	1.8
Co-Operative Bank	9.75	9.95	2.1%	9,369,200	3,636	36,182.5	471.5	92.4	0.80	12.4	2.3	0.21	0.40	0.59	0.10	8.0
KenGen	13.40	13.10	-2.2%	1,097,000	2,198	28,798.5	375.3	14.3	0.94	13.9	0.5	-	0.39	-	0.50	1.9
Kenya Airways	49.50	47.25	-4.5%	213,500	462	21,811.3	284.2	10.3	(8.85)	-5.3	1.3	-	1.84	-	1.00	(8.9)
K.P.L.C	161.00	164.00	1.9%	407,400	79	12,977.0	169.1	66.5	40.78	4.0	0.5	-	23.67	-	8.00	5.1
Nation Media Group	124.00	125.00	0.8%	145,800	143	17,826.3	232.3	18.2	9.03	13.8	3.8	-	2.71	-	5.50	1.6
Mumias Sugar	9.95	9.75	-2.0%	5,663,300	1,530	14,917.5	194.4	55.0	1.05	9.3	1.4	-	0.68	-	0.40	2.6
B.A.T. Kenya	191.00	193.00	1.0%	855,600	100	19,300.0	251.5	167.0	14.78	13.1	4.1	-	-	-	14.75	1.0
NIC Bank	36.00	37.00	2.8%	375,800	326	12,075.4	157.3	13.7	3.31	11.2	1.8	-	-	-	0.50	6.6
CFC Stanbic Bank	44.25	44.50	0.6%	13,800	274	12,178.8	158.7	0.6	3.35	13.3	0.6	-	1.75	-	1.00	3.4
Diamond Trust Bank	71.50	74.00	3.5%	17,100	163	12,064.7	157.2	1.3	6.28	11.8	1.6	1.56	3.21	4.96	1.40	4.5
Kenol Kobil Group	63.50	68.50	7.9%	173,400	147	10,081.6	131.4	11.4	8.37	8.2	1.0	-	(2.93)	-	8.59	1.0
Kenya Reinsurance	12.80	12.90	0.8%	1,574,700	600	7,740.0	100.9	20.4	1.97	6.5	0.9	-	0.95	1.40	0.50	3.9
National Bank	39.75	40.25	1.3%	57,600	200	8,050.0	104.9	2.3	4.50	8.9	1.1	1.11	2.66	3.59	0.00	-
East African Portland Cement	85.00	90.00	5.9%	5,900	90	8,100.0	105.5	0.5	20.38	4.4	1.2	-	7.00	-	1.30	15.7
CMC Holdings	10.40	11.25	8.2%	720,500	583	6,555.5	85.4	11.2	0.93	12.1	1.2	-	-	-	0.35	2.7
Athi River Mining	104.00	105.00	1.0%	22,300	99	10,400.8	135.5	2.3	5.08	20.7	4.3	-	3.03	4.57	1.25	4.1
Centum Investments	12.50	12.60	0.8%	521,400	550	6,929.4	90.3	6.5	0.57	22.1	1.0	-	0.13	-	0.00	-

Source: Nairobi Stock Exchange *Exchange rate as at 05th March, 2010 was US\$ 1 Dollar = Ksh 76.7447

SMALL CAP STOCKS

Ordinary Shares	Average prices Last Fri	Average prices This Fri	Weekly Price Change	Weekly Traded Shares	Shares Issued (mn)	Market Capitalization KSh mn	Market Capitalization USD mn	Weekly Turnover Ksh mn	EPS Ksh	12m P / E	12m PBV	2009 1st Qtr EPS	2009 Half Year EPS	2009 9 month EPS	DPS Ksh	Div Cover (times)
Jubilee Holdings	135.00	145.00	7.4%	23,200	45	6,525.0	85.0	3.3	14.14	10.3	1.9	-	5.38	-	3.25	4.4
Scangroup Limited	26.75	26.75	0.0%	188,200	221	5,903.4	76.9	5.1	1.79	14.9	2.8	-	0.66	-	0.62	2.9
East African Cables	22.50	22.25	-1.1%	182,700	203	4,505.6	58.7	4.1	1.52	14.6	2.7	-	-	-	1.00	1.5
TPS Eastern Africa	47.00	48.25	2.7%	665,200	106	5,108.0	66.6	32.2	2.10	23.0	1.3	-	0.67	-	1.25	1.7
Total Kenya	31.00	29.75	-4.0%	110,100	175	5,208.2	67.9	3.4	1.62	18.4	0.6	-	-	-	1.00	1.6
Access Kenya	20.75	20.50	-1.2%	1,048,800	200	4,097.7	53.4	21.7	0.99	20.7	3.8	-	0.37	-	0.40	2.5
Housing Finance	17.55	17.75	1.1%	329,300	230	4,082.5	53.2	5.8	1.02	17.4	1.0	-	-	-	0.50	2.0
Carbacid Investments	100.00	101.00	1.0%	8,700	34	3,432.0	44.7	0.6	7.54	13.4	2.9	-	-	-	5.00	1.5
Standard Group	37.75	38.00	0.7%	15,100	73	2,784.5	36.3	0.6	3.57	10.6	2.6	-	1.24	-	1.10	3.2
BOC (Gases) Kenya	151.00	150.00	-0.7%	1,800	20	2,928.8	38.2	32.2	7.88	19.0	1.9	-	-	-	6.80	1.2
Pan African Holdings	45.00	44.25	-1.7%	4,600	48	2,124.0	27.7	0.2	(2.00)	-22.1	1.8	-	0.37	-	0.00	-
Sasini Limited	8.75	10.05	14.9%	1,205,100	228	2,292.0	29.9	11.2	2.30	4.4	0.4	-	-	-	0.40	5.8
Sameer Africa Group	6.55	8.05	22.9%	1,435,000	278	2,240.7	29.2	10.8	0.57	14.1	1.0	-	-	-	1.00	0.6
Williamson Tea	134.00	176.00	31.3%	16,500	9	1,541.1	20.1	2.7	12.62	13.9	0.5	-	24.18	-	4.00	3.2
Kakuzi Limited	47.25	58.50	23.8%	191,600	20	1,146.6	14.9	10.9	13.12	4.5	0.7	-	1.19	-	1.00	13.1
Rea Vipingo Plantations	15.20	16.25	6.9%	57,600	60	975.0	12.7	0.9	2.48	6.6	0.9	-	-	-	0.50	5.0
Car & General	34.00	34.50	1.5%	1,400	22	768.6	10.0	0.0	8.80	3.9	0.6	-	4.33	-	0.67	13.1
Unga Group	9.70	10.80	11.3%	221,900	76	817.7	10.7	2.3	1.55	7.0	0.2	-	1.32	-	0.00	-
Eveready East Africa	3.55	3.80	7.0%	261,900	210	798.0	10.4	1.0	0.14	28.1	2.0	-	-	-	0.00	-
Crown Berger	27.00	25.75	-4.6%	2,600	24	611.0	8.0	0.1	1.20	21.5	0.7	-	1.75	-	1.00	1.2
Express Kenya	9.00	8.80	-2.2%	13,000	35	311.6	4.1	0.1	(1.24)	-7.1	0.7	-	0.72	-	0.00	-
City Trust	100.00	98.00	-2.0%	1,800	5	510.3	6.6	0.2	5.13	19.1	2.0	-	-	-	1.00	5.1
Total NSE Market				86,008,100	62,481	940,153.9	12,250.4	1,255.5								

Source: Nairobi Stock Exchange *Exchange rate as at 05th March, 2010 was US\$ 1 Dollar = Ksh 76.7447

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