

### AFRICAN MARKET WATCH

INDEX	COUNTRY	CLOSE	Weekly Chg	YTD
NSE-20 Index	Kenya	4,015.13	8.3%	23.6%
NASI All Share	Kenya	83.52	3.6%	16.6%
AIG-27 Index	Kenya	491.10	2.6%	13.8%
ALSI	Uganda	849.23	2.6%	15.9%
DSEI	Tanzania	1,179.88	-0.2%	-1.0%
LUSE All Share	Zambia	2,640.25	1.0%	-5.5%
MASI	Malawi	5,155.41	0.0%	0.0%
ZSE Industrial	Zimbabwe	136.30	2.1%	-10.3%

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

### WEEKLY STATISTICS

	05-03-10	12-03-10	Change
Market Cap (Ksh bn)	939	973	3.6%
Traded Volume (mn)	86	119	38.2%
Weekly Turnover (Ksh mn)			
Equity	1,260	1,698	34.8%
Bonds	16,541	11,533	-30.3%
Weekly Deals			
Equity	8,507	10,499	23.4%
Bonds	223	143	-35.9%

Source: NSE

### MARKET MOVERS

Weekly Price Gainers		
Sasini Limited	15.15	50.7%
Kakuzi Limited	86.50	47.9%
National Bank of Kenya	54.50	35.4%
Weekly Price Losers		
Housing Finance	17.05	-3.9%
BAT Kenya	191.00	-1.0%
Co-Operative Bank	9.85	-1.0%
Weekly Volume Movers		
Safaricom Limited	55,319,500	38.5%
Co-Operative Bank	22,679,000	142.1%
Equity Bank Group	8,169,400	-38.9%

Source: NSE

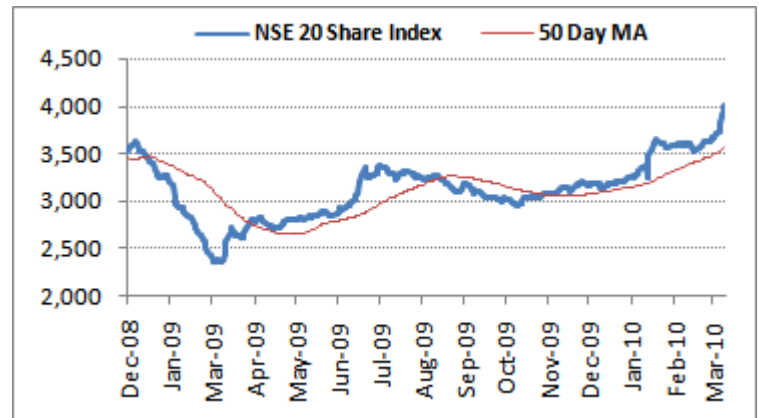
### RECOMMENDED BUYS

Company	Duration	Price	PE	Div Yld
TPS Eastern Africa	Long Term	50.00	23.8x	2.50%
Kenya Airways	Short Term	55.50	-6.3x	1.80%
KPLC	Short Term	177.00	4.3x	4.52%
Kenya Reinsurance	Short Term	13.45	6.8x	3.72%
Mumias Sugar	Short Term	10.40	9.9x	3.85%

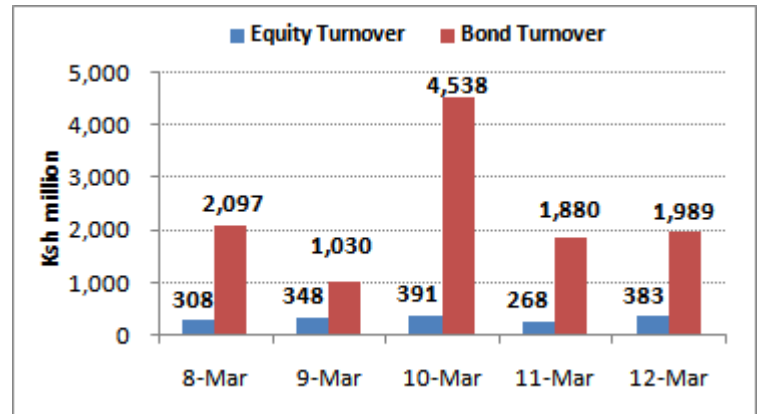
### IN THE NEWS

Last week the NSE blue chips and overall market closed the week very strong. The market rally at the NSE was not reflected in the regional performance and the main Kenyan index broke the 4,000 mark on Friday (you have to go back to October 2008 the last time the index traded at this level). Among its Sub-Saharan peers the NSE is emerging as a top performing market in 2010 already up 23.6% since January. The main index P/E climbed marginally from 15.1x to 15.3x.

Athi River Mining announced a 28% rise in EPS from 5.08 to 6.52. Due to a revaluation of its assets the book value also grew by 94% from 21.48 to 41.69. As a result the trailing P/E and PBV on Friday's closing price of Ksh105.00 lowered to 16.1x and 2.5x respectively. ARM higher profit margin was largely credited to operational efficiencies. The outlook for the counter is good once new capacity comes online and if 2010 cement consumption in the East African region stays high (Kenya saw 21% cement consumption growth in 2009).



Source: NSE



Source: NSE

## MONEY MARKET WATCH

### Monetary Policy Operations

The money market was fairly tight during the week from 4<sup>th</sup> March, 2010 to 10<sup>th</sup> March, 2010. The CBK injected Ksh2.6 billion through its market operations to alleviate some of the tightness. The market experienced a net liquidity withdrawal of Ksh8.2 bn due to repo maturities, which was largely offset by government payments. We expect slightly larger injections next week on 15<sup>th</sup> March, 2010. Last week the reverse repo rate dropped 22bp from 2.52% to 2.30%, hitting a 10 month low.

### Exchange Rate Movements

Last week the dollar/shilling exchange rate saw less volatility. CBK attributed the shilling strength to support by foreign exchange inflows from the agricultural sector and non-government organizations coupled with low forex demand.

	05-03-10	12-03-10	
Ksh to US Dollar	76.74	76.72	0.03%
Ksh to Sterling Pound	115.45	115.57	-0.11%
Ksh to Euro	104.24	105.03	-0.76%
Ksh to Rand	10.23	10.31	-0.83%
Ugx to Ksh	26.78	27.16	1.44%
Tsh to Ksh	17.63	17.76	0.22%
Ksh to Dirham	20.89	20.89	0.03%
Yen to Ksh	85.96	84.62	-1.55%

Source: Central Bank of Kenya

### Treasury Bill Auction Results

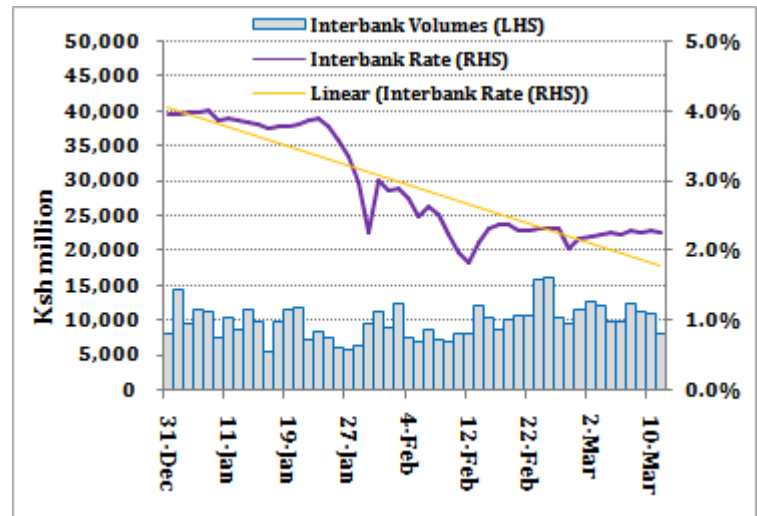
Last week's 91-day T-bill was oversubscribed registering a 221.2% subscription and the average rate dropped marginally by 15bp to 6.099% from 6.248%. Following the previous week's bond auction, Kenya's gross domestic debt is now up 32.4% at Ksh627.40 billion over a similar period in 2009 and this week the Treasury is expected to payback Ksh3.3 billion in net repayments from the weekly 182 day T-bill auction.

### Treasury Bond Market

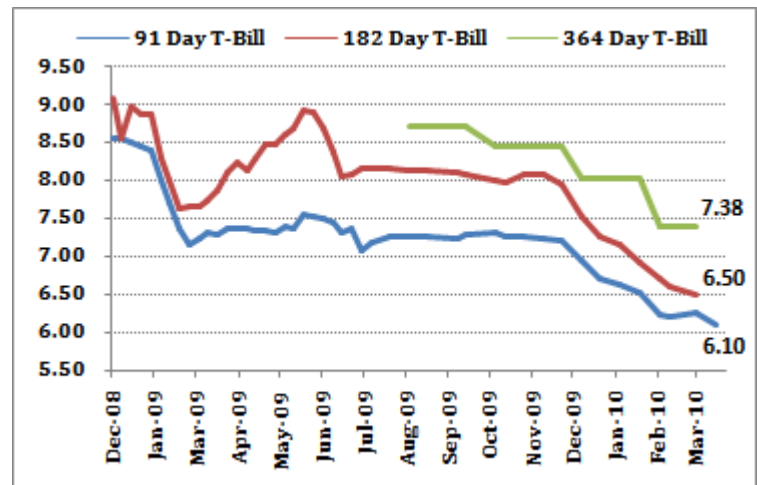
The NSE yield curve continued to shift downwards during the week; however, trading volumes on the bond market dipped. The infrastructure bonds (IFRB) continued to perform well, trading about Ksh3.3 bn (\$42 mn) in total; however, the recent IFRB accounted for 58% of that total. The 3<sup>rd</sup> IFRB had an ARY of 9.579% at the primaries but traded within the 8.50-8.85% range last week settling at 8.637%. Last week CBK advertised the March sale of 2 and 15 year bonds;- the 15 year bond has a 10.25% coupon rate (down 225 bp on the previous issue). In the medium term we expect secondary bond turnover to remain vibrant as short and medium term rates continue to fall

### Interbank Activity

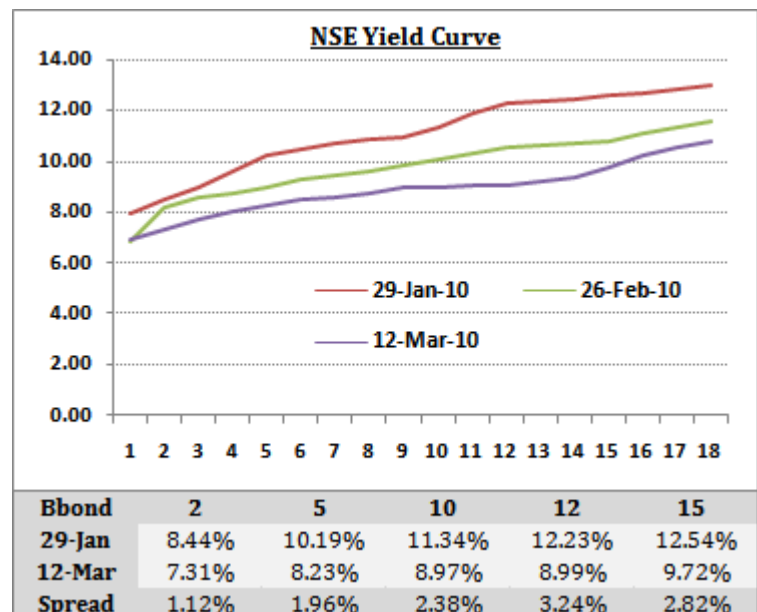
The average interbank increased by 9p from 2.18% to 2.27% in the week ended March 11, 2010. But, interbank volumes declined by 5.9% from Ksh55.7 billion to Ksh52.4 billion.



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
Kakuzi Limited	2,008.2	24.5%	339.9	32.2%	17.34	2.50	150.0%	16.9%	12.8%	17.8%
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%
Co-Operative Bank	11,718.2	21.4%	2,968.0	25.0%	0.85	0.20	100.0%	25.3%	2.7%	18.2%
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%
National Bank of Kenya	5,736.6	13.3%	1,463.0	17.9%	5.61	0.00	-	25.5%	2.8%	18.5%
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%
Pan African Holdings	3,395.0	31.8%	138.9	244.7%	2.90	1.70	-	4.1%	1.8%	10.5%
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%
Athi River Mining	5,144.8	11.4%	645.8	28.3%	6.52	1.50	20.0%	12.6%	5.3%	15.6%
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
Access Kenya Group	Full Year Earnings	16-Mar-2010
Diamond Trust Bank	Full Year Earnings	16-Mar-2010
Standard Group	Full Year Earnings	18-Mar-2010

## NSE STOCK MARKET WATCH – 12<sup>TH</sup> 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	12m EPS Ksh	12m P / E	12m PBV	2009 3m EPS	2009 6m EPS	2009 9m EPS	DPS Ksh	12m Div Yld	Div Cover (times)
Safaricom Limited	5.40	5.45	0.9%	55,319,500	40,000	218,000.0	2,841.5	299.8	0.27	20.6	4.1	-	0.17	-	0.10	1.83%	2.7
E. A. Breweries	155.00	159.00	2.6%	985,800	791	125,733.1	1,638.9	153.6	9.09	17.5	5.5	-	4.67	-	8.05	5.06%	1.1
Barclays Bank Kenya	52.00	51.50	-1.0%	1,425,500	1,358	69,931.0	911.5	74.3	4.49	11.5	2.9	-	-	-	2.50	4.85%	1.8
Bamburi Cement	185.00	189.00	2.2%	51,700	363	68,599.3	894.2	9.7	18.32	10.3	3.3	-	-	-	11.00	5.82%	1.7
Standard Chartered Bank Kenya	188.00	188.00	0.0%	113,500	272	51,129.9	666.5	21.4	16.78	11.2	3.7	-	-	-	12.00	6.38%	1.4
Equity Bank	15.70	15.60	-0.6%	8,169,400	3,703	57,763.3	752.9	127.6	1.14	13.7	2.5	-	-	-	0.40	2.56%	2.9
K.C.B.	20.50	22.25	8.5%	4,304,200	2,218	49,345.5	643.2	93.9	1.84	12.1	2.2	-	-	-	1.00	4.49%	1.8
Co-Operative Bank	9.95	9.85	-1.0%	22,679,000	3,636	35,818.8	466.9	227.1	0.85	11.6	2.2	-	-	-	0.20	2.03%	4.3
KenGen	13.10	15.65	19.5%	3,305,500	2,198	34,404.4	448.4	51.0	0.94	16.6	0.5	-	0.39	-	0.50	3.19%	1.9
Kenya Airways	47.25	55.50	17.5%	3,012,900	462	25,619.7	333.9	164.1	(8.85)	-6.3	1.5	-	1.84	-	1.00	1.80%	-
K.P.L.C	164.00	177.00	7.9%	206,500	79	14,005.7	182.6	35.3	40.78	4.3	0.5	-	23.67	-	8.00	4.52%	5.1
Nation Media Group	125.00	133.00	6.4%	48,200	143	18,967.2	247.2	6.2	9.03	14.7	4.1	-	2.71	-	5.50	4.14%	1.6
Mumias Sugar	9.75	10.40	6.7%	5,603,600	1,530	15,912.0	207.4	57.6	1.05	9.9	1.5	-	0.68	-	0.40	3.85%	2.6
B.A.T. Kenya	193.00	191.00	-1.0%	342,400	100	19,100.0	249.0	65.7	14.78	12.9	4.1	-	-	-	14.75	7.72%	1.0
NIC Bank	37.00	38.50	4.1%	615,200	326	12,564.9	163.8	23.9	3.31	11.6	1.9	-	-	-	0.50	1.30%	6.6
CFC Stanbic Bank	44.50	44.75	0.6%	67,400	274	12,247.2	159.6	3.0	3.35	13.4	0.6	-	1.75	-	1.00	2.23%	3.4
Diamond Trust Bank	74.00	84.50	14.2%	32,700	163	13,776.6	179.6	2.6	6.28	13.5	1.8	1.56	3.21	4.96	1.40	1.66%	4.5
Kenol Kobil Group	68.50	74.00	8.0%	65,200	147	10,891.0	142.0	4.8	8.37	8.8	1.1	-	(2.93)	-	8.59	11.61%	1.0
Kenya Reinsurance	12.90	13.45	4.3%	1,757,000	600	8,070.0	105.2	23.2	1.97	6.8	0.9	-	0.95	1.40	0.50	3.72%	3.9
National Bank	40.25	54.50	35.4%	609,000	200	10,900.0	142.1	31.3	5.61	9.7	1.4	-	-	-	0.00	-	-
East African Portland Cement	90.00	91.00	1.1%	5,700	90	8,190.0	106.8	0.5	20.38	4.5	1.2	-	7.00	-	1.30	1.43%	15.7
CMC Holdings	11.25	11.95	6.2%	1,231,200	583	6,963.4	90.8	37.9	0.93	12.8	1.3	-	-	-	0.35	2.93%	2.7
Athi River Mining	105.00	105.00	0.0%	20,200	99	10,400.8	135.6	2.1	5.08	20.7	4.3	-	3.03	4.57	1.25	1.19%	4.1
Centum Investments	12.60	13.85	9.9%	389,300	550	7,616.8	99.3	5.2	0.57	24.3	1.1	-	0.13	-	0.00	-	-

Source: Nairobi Stock Exchange \*Exchange rate as at 12<sup>th</sup> March, 2010 was US\$ 1 Dollar = Ksh 76.7197

## 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	12m EPS Ksh	12m P / E	12m PBV	2009 3m EPS	2009 6m EPS	2009 9m EPS	DPS Ksh	12m Div Yld	Div Cover (times)
Jubilee Holdings	145.00	150.00	3.4%	17,800	45	6,750.0	88.0	2.7	14.14	10.6	2.0	-	5.38	-	3.25	2.17%	4.4
Scangroup Limited	26.75	28.00	4.7%	57,900	221	6,179.3	80.5	1.6	1.79	15.6	2.9	-	0.66	-	0.62	2.21%	2.9
East African Cables	22.25	22.75	2.2%	118,200	203	4,606.9	60.0	2.7	1.52	15.0	2.8	-	-	-	1.00	4.40%	1.5
TPS Eastern Africa	48.25	50.00	3.6%	231,300	106	5,293.2	69.0	11.5	2.10	23.8	1.4	-	0.67	-	1.25	2.50%	1.7
Total Kenya	29.75	29.75	0.0%	238,200	175	5,208.2	67.9	7.0	1.62	18.4	0.6	-	-	-	1.00	3.36%	1.6
Access Kenya	20.50	21.25	3.7%	851,400	200	4,247.6	55.4	18.5	0.99	21.5	3.9	-	0.37	-	0.40	1.88%	2.5
Housing Finance	17.75	17.05	-3.9%	203,600	230	3,921.5	51.1	3.6	1.02	16.7	1.0	-	-	-	0.50	2.93%	2.0
Carbacid Investments	101.00	114.00	12.9%	138,500	34	3,873.8	50.5	2.3	7.54	15.1	3.2	-	4.58	-	5.00	4.39%	1.5
Standard Group	38.00	38.50	1.3%	58,400	73	2,821.1	36.8	2.3	3.57	10.8	2.6	-	1.24	-	1.10	2.86%	3.2
BOC (Gases) Kenya	150.00	150.00	0.0%	25,300	20	2,928.8	38.2	11.5	7.88	19.0	1.9	-	-	-	6.80	4.53%	1.2
Pan African Holdings	44.25	51.00	15.3%	7,500	48	2,448.0	31.9	0.4	2.90	17.6	1.8	-	-	-	1.70	3.33%	1.7
Sasini Limited	10.05	15.15	50.7%	2,953,700	228	3,455.0	45.0	37.9	2.30	6.6	0.6	-	-	-	0.40	2.64%	5.8
Sameer Africa Group	8.05	8.75	8.7%	1,154,900	278	2,435.5	31.7	10.1	0.57	15.4	1.1	-	-	-	1.00	11.43%	0.6
Williamson Tea	176.00	195.00	10.8%	127,400	9	1,707.5	22.3	22.9	12.62	15.5	0.6	-	24.18	-	4.00	2.05%	3.2
Kakuzi Limited	58.50	86.50	47.9%	57,400	20	1,695.4	22.1	4.3	17.34	5.0	1.1	-	-	-	2.50	2.89%	6.9
Rea Vipingo Plantations	16.25	21.50	32.3%	1,515,100	60	1,290.0	16.8	28.8	2.48	8.7	1.2	-	-	-	0.50	2.33%	5.0
Car & General	34.50	34.50	0.0%	4,400	22	768.6	10.0	0.1	8.80	3.9	0.6	-	-	-	0.67	1.94%	13.1
Unga Group	10.80	11.45	6.0%	78,100	76	866.9	11.3	0.9	1.55	7.4	0.3	-	1.32	-	0.00	-	-
Eveready East Africa	3.80	4.70	23.7%	323,500	210	987.0	12.9	1.4	0.14	34.8	2.5	-	-	-	0.00	-	-
Crown Berger	25.75	27.50	6.8%	9,500	24	652.5	8.5	0.2	1.20	22.9	0.8	-	1.75	-	1.00	3.64%	1.2
Express Kenya	8.80	10.45	18.8%	36,000	35	370.0	4.8	0.3	(1.24)	-8.4	0.9	-	0.72	-	0.00	-	-
City Trust	98.00	110.00	12.2%	1,400	5	572.8	7.5	0.2	5.13	21.4	2.3	-	(0.16)	-	1.00	0.91%	5.1
<b>Total NSE Market</b>				<b>118,870,200</b>	<b>62,481</b>	<b>973,727.8</b>	<b>12,692.0</b>	<b>1,691.8</b>									

Source: Nairobi Stock Exchange \*Exchange rate as at 12<sup>th</sup> March, 2010 was US\$ 1 Dollar = Ksh 76.7197

### Disclaimer

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