

AFRICAN MARKET WATCH

INDEX	COUNTRY	CLOSE	Weekly Chg	YTD
NSE-20 Index	Kenya	4233.24	0.2%	30.4%
NASI All Share	Kenya	90.13	0.7%	25.8%
PBI-27 Index	Kenya	522.87	0.4%	21.1%
ALSI	Uganda	982.10	4.3%	34.1%
DSEI	Tanzania	1167.47	0.0%	-2.1%
LUSE All Share	Zambia	N/A	N/A	N/A
MASI	Malawi	4871.71	-1.4%	-5.5%
ZSE Industrial	Zimbabwe	139.01	5.7%	-8.5%

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

WEEKLY STATISTICS

	23-04-10	30-04-10	Change
Market Cap (Ksh bn)	1,042	1,050	0.7%
Traded Volume (mn)	94	95	1.6%
Weekly Turnover (Ksh mn)			
Equity	1,597	1,553	-2.8%
Bonds	3,286	6,490	97.5%
Weekly Deals			
Equity	10,739	12,525	16.6%
Bonds	109	99	-9.2%

Source: NSE

MARKET MOVERS

Weekly Price Gainers		
Housing Finance	23.50	28.1%
Olympia Capital Holdings	9.50	18.8%
Portland Cement	120.00	11.1%
Weekly Price Losers		
Limuru Tea	293.00	-9.8%
Kenya Reinsurance Corp.	13.25	-7.7%
Kakuzi Limited	75.00	-5.7%
Weekly Volume Movers		
Safaricom Limited	36,896,100	14.4%
Mumias Sugar	15,783,000	20.2%
Equity Bank Group	12,323,700	-32.3%

Source: NSE

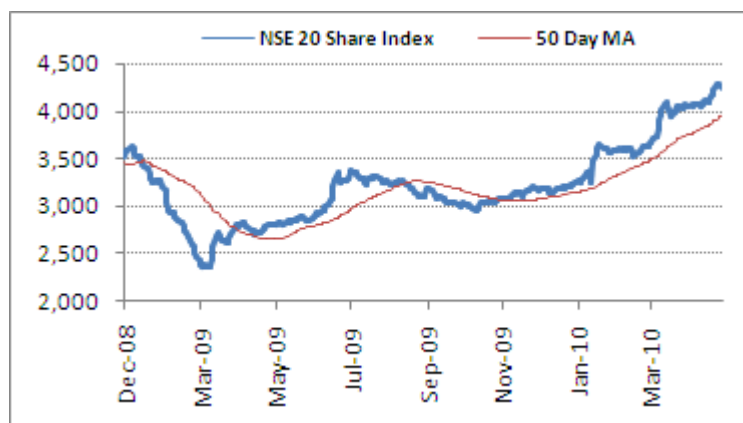
RECOMMENDED BUYS

Company	Duration	Price	PE	Div Yld
Equity Bank Group	Long Term	18.50	16.2x	2.16%
KPLC	Long Term	180.00	4.4x	4.44%
Centum Investments	Long Term	17.90	31.4x	0.00%
Mumias Sugar	Short Term	13.00	12.4x	3.08%
Scangroup Limited	Short Term	28.75	15.9x	1.74%

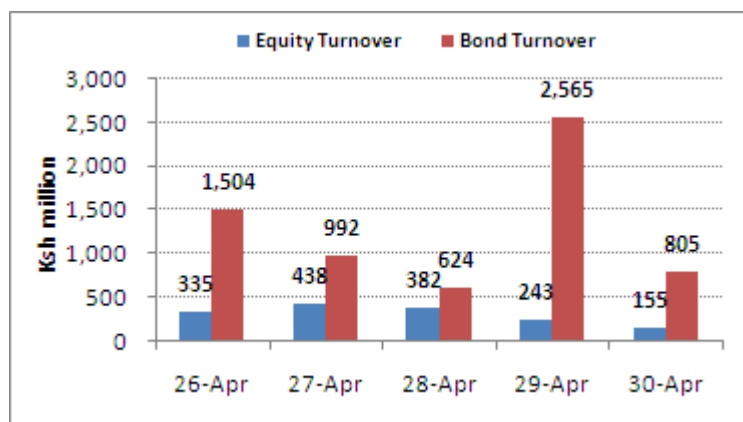
IN THE NEWS

Last week the NSE blue chips and overall market closed the week up. The performance was largely reflected in regional markets particularly Uganda whose index is up 30% YTD. The index recorded a new 52 week high at 4,289.85 before falling to 4,217.18 yesterday while the NSE 20 P/E dipped marginally from 16.5x to 16.4x.

Kenya Re announced its 12m earnings statement reflecting lower premium income growth and earnings versus our earlier projections. Its' gross premiums rose by 8% vs our 16% while pre-tax profits fell 18%. The variance to our estimates was due to higher claims during the period as well as one-off income recorded in '08. Kenya Re's share price is still fairly discounted compared to its peers due to the government shareholding, the expiry of mandatory cessions in 2011 and inefficiencies of operations. Going forward we think Kenya Re will be able to adapt to the new competitive arena and can effectively reduce market exposure to Kenya.



Source: NSE



Source: NSE

MONEY MARKET WATCH

Monetary Policy Operations

The money market was very tight during the week ending 28th April, 2010. The CBK was active in the repo market injecting Ksh 24.4 bn (Ksh17 bn on 26th April) & added further liquidity through the overnight window lending banks Ksh 223 mn. We do not expect much tightness in the following week as the treasury reduces the build up of deposits at CBK. Last week the reverse repo rate climbed 11 bp from 2.42% to 2.53%.

Exchange Rate Movements

Last week the dollar/shilling exchange rate saw low volatility. Over the past month CBK had been buying dollars to support its currency reserves that now stand at 3.5 months of imports.

	23-04-10	30-04-10	
Ksh to US Dollar	77.38	77.27	0.15%
Ksh to Sterling Pound	118.79	118.71	0.07%
Ksh to Euro	102.43	102.45	-0.01%
Ksh to Rand	10.33	10.51	-1.77%
Ugx to Ksh	26.95	27.62	2.50%
Tsh to Ksh	17.87	17.90	0.18%
Ksh to Dirham	21.07	21.04	0.15%
Yen to Ksh	82.88	82.18	0.85%

Source: Central Bank of Kenya

Treasury Bill Auction Results

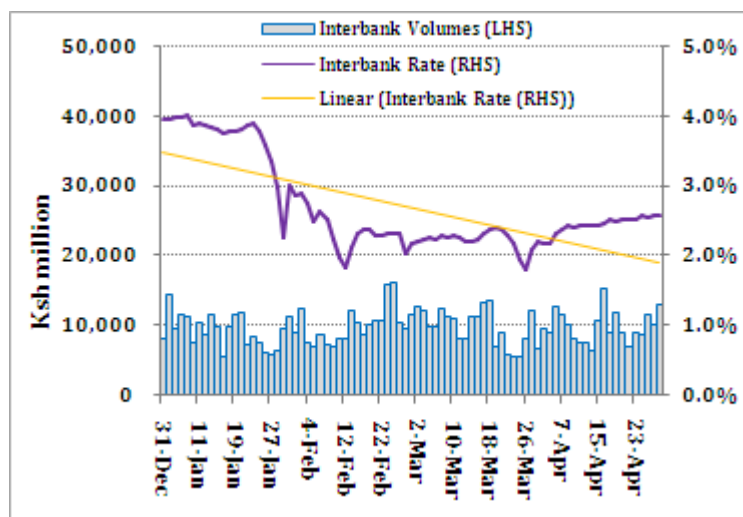
Last week's 182D T-bill was oversubscribed recording a 263% subscription while the average interest rates also dropped 50bp to 4.95% from 5.45% previously; the rate spread on the 91 and 182 also dropped by 50bp as interest in the 182D T-bill picked up. So far T-bill auctions done between Jan-Apr '10 have seen an avg 180% w-o-w oversubscription (134% in '09). This week Treasury is expected to realize Ksh3.5 bn in new borrowing & gross domestic debt is now up 29.1% annually to Ksh642.6 bn.

Treasury Bond Market

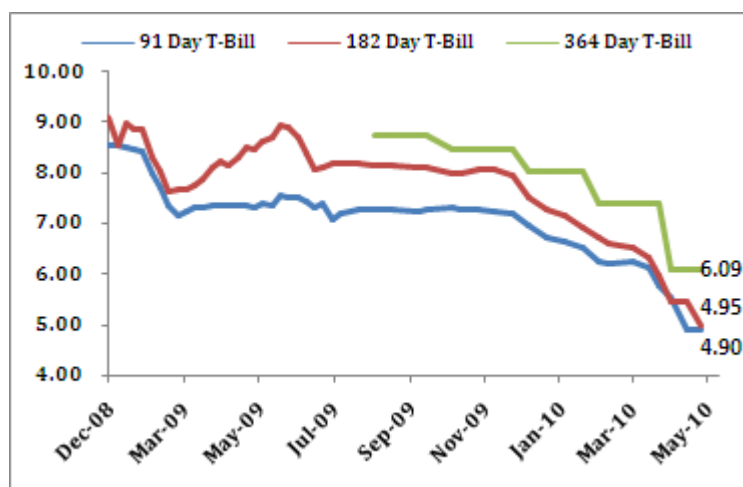
The NSE yield curve remained largely unchanged over last week and the medium term 5 year papers performed the best during the week trading about Ksh1.979 bn (\$26 m) vs Ksh940 mn (\$12 m) last week. The Kenya statistics bureau published new inflation statistics for the month of April stating that inflation had lowered to 3.7%. This rate was highly influenced by a fall in food prices that many experts believe command a smaller share of household incomes. The CPI in most Sub-Saharan African economies has been highly sensitive to food and energy prices; but, under new CPI the food weighting has been reduced from 36.04% to 50.50%. It is likely the CBK will use this new inflation figure to retain a lower interest regime.

Interbank Activity

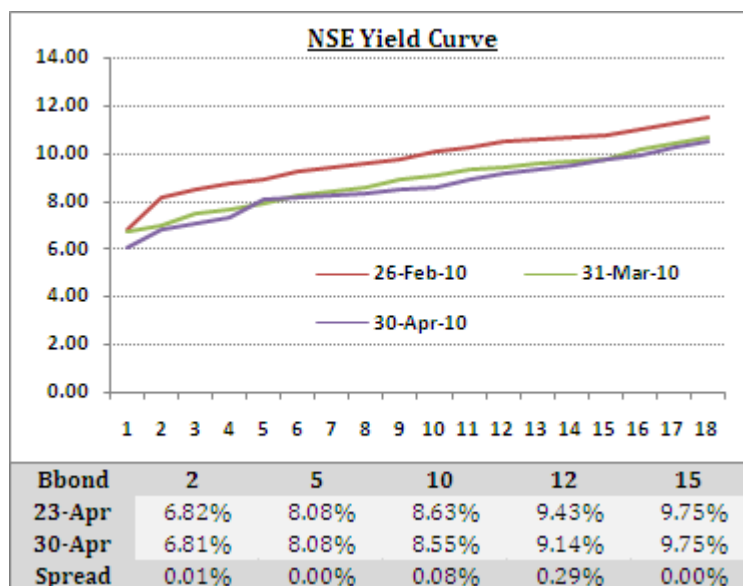
The average interbank rate rose by 6 bp from 2.49% to 2.55% in the week ended April 29, 2010. Interbank volumes declined by 0.2% from Ksh1.8 billion to Ksh1.7 billion.



Source: Central Bank of Kenya



Source: Central Bank of Kenya

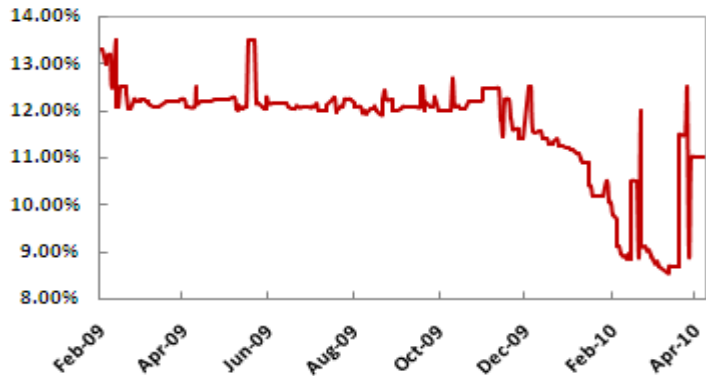


Source: NSE

Outlook

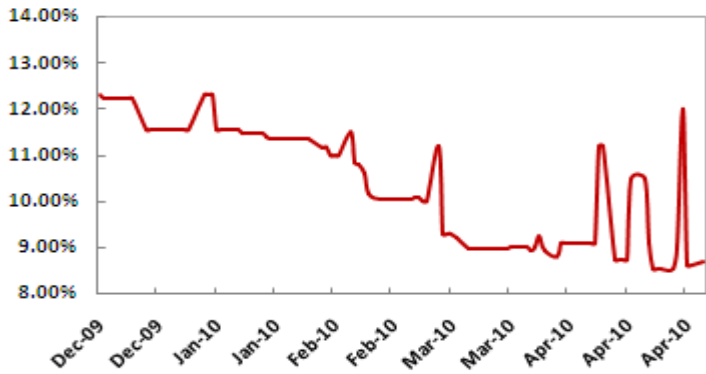
The fixed income markets have proved to be highly vibrant despite the recent rally in equities and have become highly sought after when inflation and interest rates are falling. Over the last six months the spread between some treasury bonds & corporate bonds has widened (for example, KenGen versus 10 year treasury bond rates whose spread rose 140 bp from 0.7% to 2.1% from November 2009 to April 2010). We believe that many institutional investors will continue to buy both short and long term treasury bonds at significantly high premiums; Bonds like the infrastructure bonds may be viable investments.

12 Year Infrastructure Bond | Traded Yields % | IFB 1/2009/12Yr



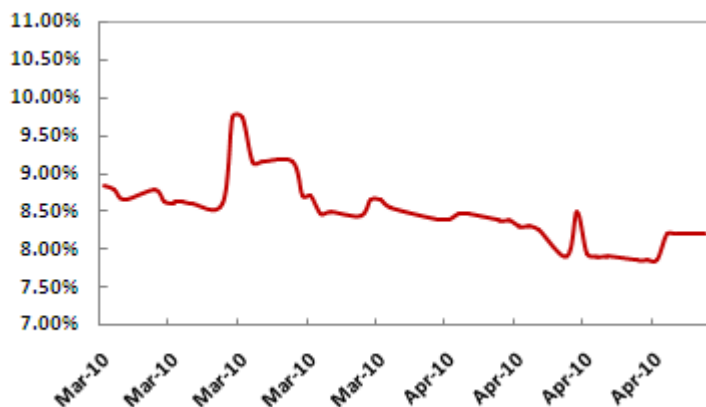
Source: Nairobi Stock Exchange

12 Year Infrastructure Bond | Traded Yields % | IFB 2/2009/12Yr



Source: Nairobi Stock Exchange

8 Year Infrastructure Bond | Traded Yields % | IFB 1/2010/8Yr



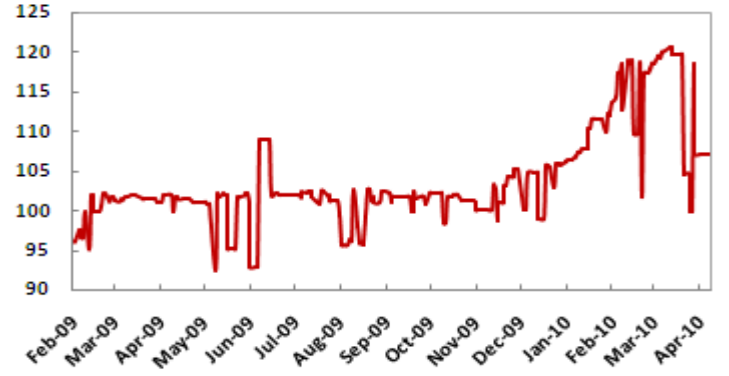
Source: Nairobi Stock Exchange

Bond/Equity Ratio



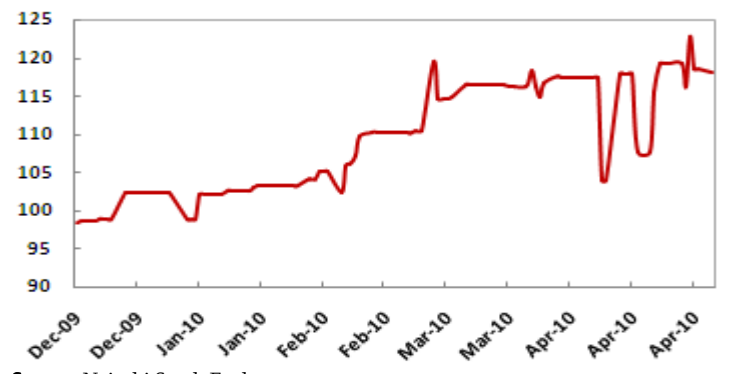
Source: Nairobi Stock Exchange

12 Year Infrastructure Bond | Clean Price % | IFB 1/2009/12Yr



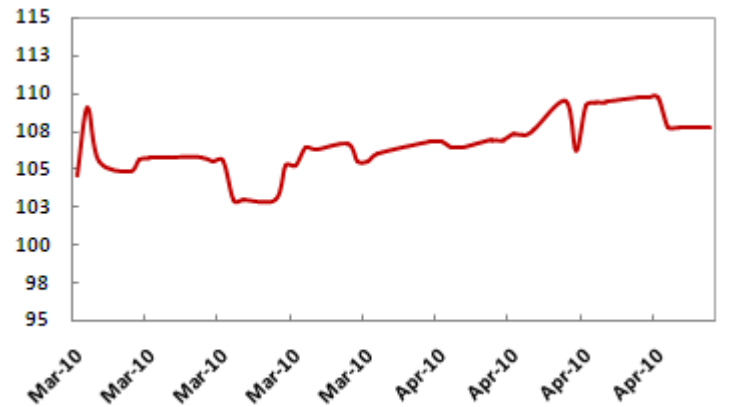
Source: Nairobi Stock Exchange

12 Year Infrastructure Bond | Clean Price % | IFB 2/2009/12Yr



Source: Nairobi Stock Exchange

8 Year Infrastructure Bond | Clean Price % | IFB 1/2010/8Yr



Source: Nairobi Stock Exchange

NSE STOCK MARKET WATCH – 30th APRIL 2010

LARGE TO MEDIUM CAP STOCKS

Ordinary Shares	Price Gain YTD	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	2010 12m P / E	2010 3m EPS	2010 6m EPS	2010 9m EPS	DPS Ksh	12m Div Yld	Div Cover (times)
Safaricom Limited	27%	5.80	5.80	0.0%	36,896,100	40,000	232,000.0	3,002.6	214.0	0.27	21.9	-	0.17	-	0.10	1.72%	2.7
E. A. Breweries	17%	171.00	170.00	-0.6%	289,200	791	134,431.6	1,739.9	49.2	9.09	18.7	-	4.67	-	8.05	4.74%	1.1
Barclays Bank Kenya	28%	58.50	57.50	-1.7%	834,300	1,358	78,078.3	1,010.5	49.0	4.49	12.8	-	-	-	2.50	4.35%	1.8
Bamburi Cement	21%	185.00	189.00	2.2%	443,600	363	68,599.3	887.8	82.1	18.32	10.3	-	-	-	11.00	5.82%	1.7
Standard Chartered Bank Kenya	24%	192.00	199.00	3.6%	66,900	272	54,121.6	700.5	13.2	16.78	11.9	-	-	-	12.00	6.03%	1.4
Equity Bank	29%	18.40	18.55	0.8%	12,323,700	3,703	68,686.5	889.0	236.3	1.14	16.3	0.34	-	-	0.40	2.16%	2.9
K.C.B.	12%	23.00	23.00	0.0%	4,959,500	2,218	51,008.9	660.2	113.7	1.84	12.5	0.60	-	-	1.00	4.35%	1.8
Co-Operative Bank	32%	11.55	11.85	2.6%	5,916,900	3,636	43,091.7	557.7	70.9	0.85	13.9	-	-	-	0.20	1.69%	4.3
KenGen	22%	15.50	15.80	1.9%	1,927,100	2,198	34,734.1	449.5	30.9	0.94	16.8	-	0.39	-	0.50	3.16%	1.9
Kenya Airways	58%	59.00	56.50	-4.2%	1,230,900	462	26,081.3	337.6	70.4	(8.85)	-6.4	-	1.84	-	1.00	1.77%	-
K.P.L.C	29%	180.00	180.00	0.0%	241,300	79	14,243.0	184.3	43.2	40.78	4.4	-	23.67	-	8.00	4.44%	5.1
Nation Media Group	22%	140.00	144.00	2.9%	137,000	143	20,535.9	265.8	19.2	7.74	18.6	-	-	-	5.50	3.82%	1.4
Mumias Sugar	91%	13.10	13.05	-0.4%	15,783,000	1,530	19,966.5	258.4	209.0	1.05	12.4	-	0.68	-	0.40	3.07%	2.6
B.A.T. Kenya	10%	195.00	196.00	0.5%	190,600	100	19,600.0	253.7	37.3	14.78	13.3	-	-	-	14.75	7.53%	1.0
NIC Bank	24%	37.50	38.75	3.3%	382,200	359	13,911.2	180.0	15.0	3.01	12.9	-	-	-	0.45	1.17%	6.6
CFC Stanbic Bank	11%	47.50	50.00	5.3%	364,000	274	13,684.0	177.1	18.0	(0.22)	-227.3	-	-	-	0.00	0.00%	-
Diamond Trust Bank	22%	84.50	85.50	1.2%	254,000	163	13,939.7	180.4	21.6	7.67	11.1	-	-	-	1.55	1.81%	4.9
Kenol Kobil Group	68%	82.50	84.00	1.8%	123,800	147	12,362.8	160.0	10.4	8.77	9.6	-	-	-	3.25	3.87%	2.7
Kenya Reinsurance	13%	14.35	13.25	-7.7%	2,085,600	600	7,950.0	102.9	29.6	2.21	6.0	-	-	-	0.50	3.77%	4.4
National Bank	12%	44.25	43.75	-1.1%	478,100	280	12,250.0	158.5	21.4	4.01	10.9	-	-	-	0.00	-	-
East African Portland Cement	50%	108.00	120.00	11.1%	4,000	90	10,800.0	139.8	0.5	20.38	5.9	-	7.00	-	1.30	1.08%	15.7
CMC Holdings	19%	13.90	13.50	-2.9%	1,732,500	583	7,866.6	101.8	12.7	0.93	14.5	-	-	-	0.35	2.59%	2.7
Athi River Mining	4%	115.00	115.00	0.0%	32,600	99	11,391.3	147.4	3.8	6.52	17.6	-	-	-	1.50	1.30%	4.3

Source: Nairobi Stock Exchange *Exchange rate as at 30th April, 2010 was US\$ 1 Dollar = Ksh 77.2660

SMALL CAP STOCKS

Ordinary Shares	Price Gain YTD	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	2010 12m P / E	2010 3m EPS	2010 6m EPS	2010 9m EPS	DPS Ksh	12m Div Yld	Div Cover (times)
Centum Investments	59%	17.35	17.85	2.9%	1,254,200	550	9,816.6	127.0	22.7	0.57	31.3	-	0.13	-	0.00	-	-
Jubilee Holdings	57%	170.00	180.00	5.9%	18,300	45	8,100.0	104.8	3.3	18.33	9.8	-	-	-	4.50	2.50%	4.1
Scangroup Limited	7%	27.00	27.25	0.9%	135,500	221	6,013.8	77.8	3.7	1.81	15.1	-	-	-	0.50	1.83%	3.6
East African Cables	10%	21.25	22.25	4.7%	366,600	203	4,505.6	58.3	8.5	1.52	14.6	0.27	-	-	1.00	4.49%	1.5
TPS Eastern Africa	42%	65.50	64.00	-2.3%	183,100	106	6,775.3	87.7	11.1	3.60	17.8	-	-	-	1.25	1.95%	2.9
Total Kenya	1%	30.25	30.00	-0.8%	92,300	175	5,251.9	68.0	2.8	1.62	18.5	-	-	-	1.00	3.33%	1.6
Access Kenya	-3%	19.55	19.70	0.8%	1,474,900	200	3,937.7	51.0	28.0	0.76	25.9	-	-	-	0.30	1.52%	2.5
Housing Finance	31%	18.35	23.50	28.1%	1,690,900	230	5,405.0	70.0	36.3	1.02	23.0	-	-	-	0.50	2.13%	2.0
Carbacid Investments	41%	134.00	145.00	8.2%	8,600	34	4,927.1	63.8	0.8	7.54	19.2	-	4.58	-	5.00	3.45%	1.5
Standard Group	9%	42.00	41.50	-1.2%	18,100	73	3,040.9	39.4	0.8	3.25	12.8	-	-	-	0.50	1.20%	6.5
BOC (Gases) Kenya	-9%	140.00	137.00	-2.1%	11,800	20	2,675.0	34.6	11.1	7.88	17.4	-	-	-	6.80	4.96%	1.2
Pan African Holdings	24%	56.00	56.00	0.0%	700	48	2,688.0	34.8	0.0	2.90	19.3	-	-	-	1.70	3.04%	1.7
Sasini Limited	101%	14.45	14.45	0.0%	879,600	228	3,295.4	42.7	12.7	2.30	6.3	-	-	-	0.40	2.77%	5.8
Sameer Africa Group	93%	9.00	9.65	7.2%	680,800	278	2,686.0	34.8	6.4	0.57	16.9	-	-	-	0.50	5.18%	1.1
Williamson Tea	28%	180.00	190.00	5.6%	2,400	9	1,663.7	21.5	0.4	12.62	15.1	-	24.18	-	4.00	2.11%	3.2
Kakuzi Limited	136%	79.50	75.00	-5.7%	113,700	20	1,470.0	19.0	8.5	17.34	4.3	-	-	-	2.50	3.33%	6.9
Rea Vipingo Plantations	69%	19.50	19.45	-0.3%	467,500	60	1,167.0	15.1	8.9	2.48	7.8	-	-	-	0.50	2.57%	5.0
Car & General	6%	35.00	37.25	6.4%	3,700	22	829.9	10.7	0.1	8.80	4.2	-	-	-	0.67	1.80%	13.1
Unga Group	22%	10.50	11.00	4.8%	285,500	76	832.8	10.8	3.0	1.55	7.1	-	1.32	-	0.00	-	-
Eveready East Africa	67%	4.60	4.85	5.4%	744,700	210	1,018.5	13.2	3.6	0.14	35.9	-	-	-	0.00	-	-
Crown Berger	58%	36.00	38.00	5.6%	52,800	24	901.6	11.7	2.0	3.64	10.4	-	-	-	1.25	3.29%	2.9
Express Kenya	25%	10.60	10.05	-5.2%	24,800	35	355.8	4.6	0.3	0.15	67.0	-	-	-	0.00	-	-
City Trust	14%	120.00	120.00	0.0%	-	5	624.9	8.1	0.0	5.13	23.4	-	(0.16)	-	1.00	0.83%	5.1
Total NSE Market					95,289,600	62,594	1,052,309.6	13,619.3	1,550.8								

Source: Nairobi Stock Exchange *Exchange rate as at 30th April, 2010 was US\$ 1 Dollar = Ksh 77.2660 **YTD means from 31st December, 2009

SEARCH FOR THE BEST VALUE

Company	Average prices	12m	12m	12m	12m	12m	RSI	Stop	Company	Average prices	12m	12m	12m	12m	12m	RSI	Stop
	This Fri	PBV	EV / EBITDA	P/S	ROE	ROA	OB OS	Loss -10%		This Fri	PBV	EV / EBITDA	P/S	ROE	ROA	OB OS	Loss -10%
Safaricom Limited	5.80	4.3	8.6	3.3	22.6%	12.8%	71	5.22	Barclays Bank Kenya	57.50	3.2			27.3%	3.7%	67	51.75
E. A. Breweries	170.00	5.9	10.2	3.9	31.6%	20.8%	72	153.00	Standard Chartered	199.00	3.9			35.9%	4.1%	82	179.10
Bamburi Cement	189.00	3.3	8.6	2.3	35.4%	22.0%	64	170.10	Equity Bank	18.55	2.9			19.9%	4.7%	54	16.70
Portland Cement	120.00	1.6	4.0	1.3	36.2%	17.4%	82	108.00	K.C.B.	23.00	2.1			18.6%	2.1%	60	20.70
Athi River Mining	115.00	2.8	12.0	2.2	20.6%	7.0%	66	103.50	Co-Operative Bank	11.85	2.6			19.9%	3.1%	84	10.67
Kenol Kobil Group	84.00	1.1	4.1	0.1	11.6%	4.4%	80	75.60	NIC Bank	38.75	2.0			18.2%	2.4%	64	34.88
Total Kenya	30.00	0.6	11.6	0.2	6.9%	2.1%	50	27.00	CFC Stanbic Bank	50.00	0.7			-0.3%	-0.1%	57	45.00
Nation Media Group	144.00	4.4	10.5	2.5	24.4%	16.6%	67	129.60	Diamond Trust Bank	85.50	1.7			19.4%	2.0%	67	76.95
Standard Group	41.50	2.4	10.3	1.1	21.1%	8.4%	56	37.35	National Bank	43.75	1.5			20.7%	3.1%	51	39.38
CMC Holdings	13.50	1.5	7.3	0.7	10.6%	4.2%	65	12.15	Housing Finance	23.50	1.3			6.1%	1.4%	80	21.15
Car & General	37.25	0.6	4.6	0.2	16.2%	6.6%	57	33.53	Kenya Reinsurance	13.25	0.9			15.3%	9.2%	55	11.93
Carbacid Investments	145.00	4.1	11.6	8.9	23.4%	19.8%	62	130.50	Jubilee Holdings	180.00	2.1			23.6%	3.8%	77	162.00
BOC (Gases) Kenya	137.00	1.7	8.7	2.1	10.3%	7.6%	36	123.30	Pan African Holdings	56.00	2.0			11.1%	2.0%	67	50.40
Mumias Sugar	13.05	1.9	13.2	1.7	16.9%	10.2%	83	11.75	Centum Investments	17.85	1.5			4.4%	4.3%	81	16.07
B.A.T. Kenya	196.00	4.2	7.8	1.8	30.9%	14.2%	62	176.40	City Trust	120.00	2.5			12.0%	11.7%	66	108.00
Scangroup Limited	27.25	2.5	11.0	1.0	17.9%	11.1%	55	24.53	Olympia Capital	9.50	0.7	5.2	0.8	-10%	-6.5%	71	8.55
East African Cables	22.25	2.7	9.0	1.6	20.4%	9.4%	54	20.03	KenGen	15.80	0.6	6.2	2.6	3.1%	1.9%	65	14.22
TPS Eastern Africa	64.00	1.7	9.2	1.7	9.7%	3.4%	76	57.60	K.P.L.C	180.00	0.5	3.2	0.2	12.7%	4.9%	70	162.00
Access Kenya	19.70	3.5	13.8	1.9	14.2%	8.0%	44	17.73	Kenya Airways	56.50	1.5	6.4	0.4	-19%	-5.3%	65	50.85
Unga Group	11.00	0.3	0.6	0.1	3.8%	2.3%	61	9.90	Sasini Limited	14.45	0.6	3.6	1.5	10.4%	7.1%	71	13.01
Eveready East Africa	4.85	2.6	14.7	0.6	7.4%	3.1%	68	4.37	Williamson Tea	190.00	0.6	6.1	1.1	4.3%	2.9%	64	171.00
Crown Berger	38.00	1.1	5.8	0.4	10.4%	4.5%	78	34.20	Kakuzi Limited	75.00	0.9	3.5	0.7	18.2%	10.2%	69	67.50
Express Kenya	10.05	0.9	4.6	0.4	1.2%	0.4%	52	9.05	Rea Vipingo	19.45	1.1	4.5	0.9	16.1%	9.8%	62	17.51

Source: FIB Research Estimates *Where information was not readily available we have used previous year figures (that are subject to change)

PBV includes intangible assets *RSI (Relative Strength Index) reading over 70 would be considered overbought (OB) and one below 30 would be considered oversold (OS)

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