AIB-AXYS Africa Q3 2024 Investment Outlook

Aiming for the Green Zone

Investment Strategies for the Quarter Ahead

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Our trading philosophy is anchored on precise and timely execution of clients' orders while maintaining the highest standards of transparency, client confidentiality and independence.

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What's Inside

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
OPEC	Oil Producing and Exporting Countries
PMI	Purchasing Managers Index
SDR	Special Drawing Rights
SSA	Sub-Sahara Africa
USD	United States Dollar
VAT	Value Added Tax

Opening Statement

The global economy continues to navigate tremendous uncertainty and our key themes outlined at the start the year have evolved into more sophisticated forms. Pertinent risks such as that of escalating geoeconomic tensions have prompted a rewiring of global supply chains. Maritime shipping costs have spiked, and disruptions of key shipping routes have caused undue delays in delivery of critical goods and services. We expect this will have material downside consequences on global economic growth. While it is indisputable that the impact of the pandemic was broad-based and multifaceted, we are starting to see its effects slowly fade away as leading economic indicators point to a more robust recovery. Consumption and investment activity has bounced back above pre-pandemic levels. This gives us greater confidence of global growth momentum remaining resilient.

Inflation continues to prove sticky as rising services demand piles renewed pressure on price levels. The last phase towards price stability as envisioned by central banks has proved quite challenging, with policy makers keen to avoid acting on momentary downside indicators. Yet, emerging central bank policy divergence, which appears oddly contrasted with the synchronous tightening witnessed two years ago, signals a dislodgment of exchange rates ahead. We saw the European Central Bank follow in the steps of Swiss National Bank and the Bank of Canada in cutting policy rates. Whether this is the beginning of a protracted rate-cutting cycle is a matter of debate. We think it will take much longer for a widespread yield decline. We think Central Banks will not act in sync anymore as compelling country-specific trade-offs come sharply under focus. We maintain that the global risk landscape remains precarious and as such, our inflation outlook is less than clear-cut. Central banks that maintain higher-for-longer rates are likely to give up growth in the process. Yet easing rates too soon will crack the pent-up demand that will likely see a re-emergence of inflation. We still hold the view that at a nearing point, living with 'acceptable' inflation will be the appropriate compromise.

As the business cycle evolves, we remain ever keen emerging opportunities across the investment universe. We think time is still ripe for investors to put their cash to work. Our investment priority in equities continued to pay off in the first half of 2024 driven by cyclical shifts and a rebound in underlying corporate performance. At this point of the economic cycle, selectivity remains ever more important as we place emphasis on fundamentally sound, quality blue chips. Fixed income valuation returns continue to improve amid pricing in of rate cut expectations over coming quarters. Presently, we expect investors to take advantage of the yield U-turn to extend duration exposure and lock in the presently high yields. Commodity prices on the other hand, are set for higher volatility, largely arising from unfolding supply and demand mismatches.

Core portfolio allocation strategies will continue to be pivotal at this point of the business cycle. Steering portfolios back to the green zone will imply consistently doubling down exposures to break-away growth sectors, while trimming down exposures to underperforming ones.

Ronny Chokaa,
Snr. Research Analyst.

Global Macro Outlook

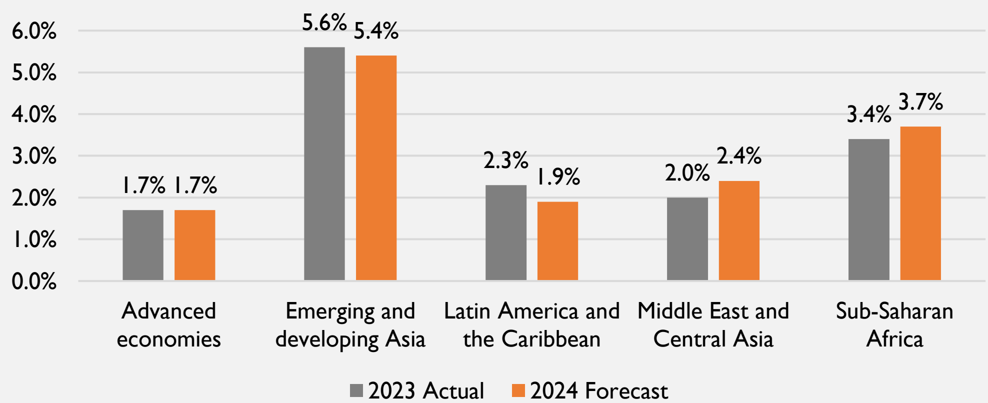
Resilience Amid Shocks: Global Growth Prospects.

Global GDP growth surprised on the upside in most cases over the first quarter of 2024, on account of resilient production and trade activity. We witnessed growth in the Euro area accelerate over the first quarter of 2024 even as emerging markets giants such as China continued to power global growth. However, notable divergences were recorded for instance in the United States and Japan where growth clocked below expectations. Notably, output gaps narrowed further as growth became more aligned with economic potential. This alongside rebounded services demand affirms that legacy effects of the pandemic are slowly fading away.

The long running disinflation trends over the past year continue to face mounting pressures - further complicating the monetary policy normalization process. Long-term inflation expectations remain murky amid prolonged supply chain disruption risks. The looming increases in global oil prices will likely offset the deep price cuts from oil and petroleum exporting countries (OPEC) late last year – stoking renewed price pressures over coming quarters.

On the demand side, public and private spending grew albeit moderately, lifted by enhanced goods spending. Global investment and capital flows slowed significantly on account of prolonged tight monetary conditions and emerging trade and capital restrictions. On the supply side, stable commodity prices, coupled with resilient supply chains buoyed growth, despite the renewed geoeconomic uncertainties. Looking ahead, we retain our growth optimism as leading economic indicators point to expanding activity - markedly above pre-pandemic levels.

Chart 1: Regional Real GDP Growth Projections



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

Taking Stock of Our Year's Themes

I. Politics to Keep Markets Guessing: Geopolitical Landscape

Geopolitical tensions persisted over the second quarter of 2024 - disrupting the slowly recovering supply chains. Despite this, global trade activity improved albeit marginally over the first quarter of 2024 on account of rebounded consumption demand. Deglobalization persisted in the introduction of unilateral trade barriers and the re-industrialization of North American firms, away from Asia. The Middle East remains weighed by regional conflicts with Saudi Arabia projected to extend its oil production cuts. The re-routing of major shipping lines operating in the Red Sea region continues to raise maritime freight and insurance costs as well as bringing about delays in delivery of critical commodities.

The flurry of elections across key developed markets such as United Kingdom and Russia alongside key emerging market nations such as India, Mexico, and South Africa took center stage ushering varied regime and policy priority shifts. With more elections scheduled for the second half of the year, ongoing fiscal consolidation measures are likely to be insufficient. We also remain apprehensive that more economies will tilt towards autarky and adopt more unilateral trade restrictions.

II. The Prospect of *Higher-for-Even-Longer*: Interest Rate Outlook

The global economy continued to contend with the pressure of elevated interest rates. However, the first half of 2024 was marked by growing central bank policy divergence, as Swiss National Bank, Bank of Canada, and more recently, the European Central Bank (ECB) announced rate cuts – signaling a possible halt to the long-winded rate tightening process. Credit demand has dipped significantly, and the stock of non-performing loans has risen on account of elevated borrowing costs. The effects on growth have remained muted so far. We remain apprehensive that since monetary policy tends to operate in long and variable lags, *higher-for-even-longer* interest rates will weigh profoundly on growth even in the scenario that interest rates come down sharply.

Disinflation trends persisted over the first half of the year; however, the progress was slower than prior quarters. Elevated commodity prices coupled with waxing services demand are holding headline inflation rates elevated. We expect observed disinflation trends to persist, although not to desirable thresholds. We anticipate the path of interest rates cooling down, albeit at a much slower pace than markets await, driven by murky inflation expectations and shifting interest rate differentials. Fortunately, markets have tempered their excessive optimism on rate cut expectations in 2024.

III. Widening divergence: Asset Class Outlook

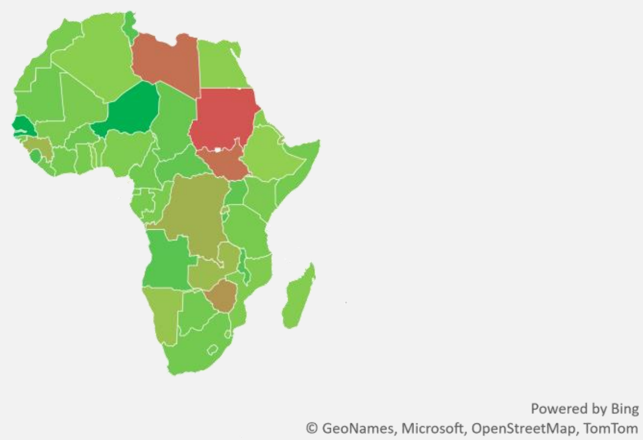
Divergence in asset returns across and within sectors persisted over the second quarter of 2024. Listed equities recorded hardy, yet dispersed valuation returns, on the back of stronger-than-expected corporate earnings, technological disruptions and widespread expectations of interest rate declines. Service-oriented sectors continued to perform relatively better compared to their manufacturing counterparts. Yet, we hold that business cycle shifts are set to favor a recovery of the goods sector commencing the second half of 2024.

Bonds on the other hand, experienced magnified interest rate volatility on account of contrasting expectations on the path of interest rates. Credit spreads between investment grade bonds and high yield bonds held wide on the back of debt sustainability risks – with a few exceptions of additional emerging and frontier economies. We think investors will be better rewarded from increased selectivity in quality segments of the 'high yield' spectrum.

Africa Macro Outlook

Slowdown pressures persisted across the Sub-Sahara African (SSA) region – occasioned largely by depressed public and private consumption spending, prolonged monetary policy tightness, coupled with regional political and trade instability. These forces continue to pile pressure on overall growth even as inflationary pressures generally decelerated owing to rebounded staple food supplies, stabilizing commodity prices and moderating exchange rate pressures.

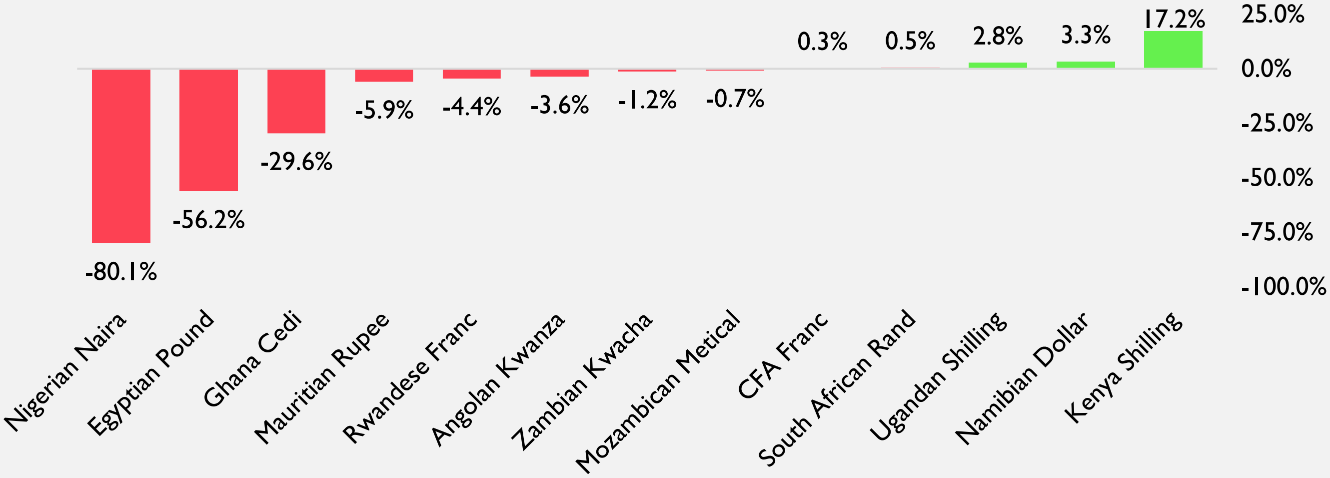
Chart 2: Percentage Change in Country GDP Growth Rates (2023 - 2024 Forecast) Heat Map



Source: African Development Bank Database, AIB-AXYS Research

Except for politically unstable states, we broadly anticipate moderate acceleration in the growth across the bloc, supported by recovering consumer demand as price pressures soften. We expect moderate 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.

Chart 3: Select African Exchange Rate Movements Against US Dollar (%Δ YTD)



Source: Central Banks Data, AIB-AXYS Research

Exchange rate volatility across the region persisted over the second quarter of the year. The Kenya Shilling recorded the largest currency appreciation margin, strengthening 17.2% YTD 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 Central Bank of Egypt's decision to devalue the national currency by 38.5% to combat soaring inflation pressures. In February 2024, the Central Bank of Nigeria similarly devalued the Nigerian Naira for the second time in less than a year in response to the imported inflationary pressures and sharp money supply growth.

Kenya Macro Outlook

Muted Recovery Path: Economic Growth

The Kenyan economy expanded by 5.0% over the first quarter of 2024, slower compared to 5.5% growth recorded in Q1'2023. The growth in this quarter was primarily driven by the resilient activity in the agricultural sector, supported by favorable weather conditions. Manufacturing activity decelerated over the quarter on the back of elevated costs and unstable consumer demand. Growth across the services sector similarly softened to 6.2% supported by a resurgence in accommodation and restaurant sector activity, as well as moderate growth in financial and insurance activities. However, transport and storage activity slowed significantly on account of elevated fuel costs.

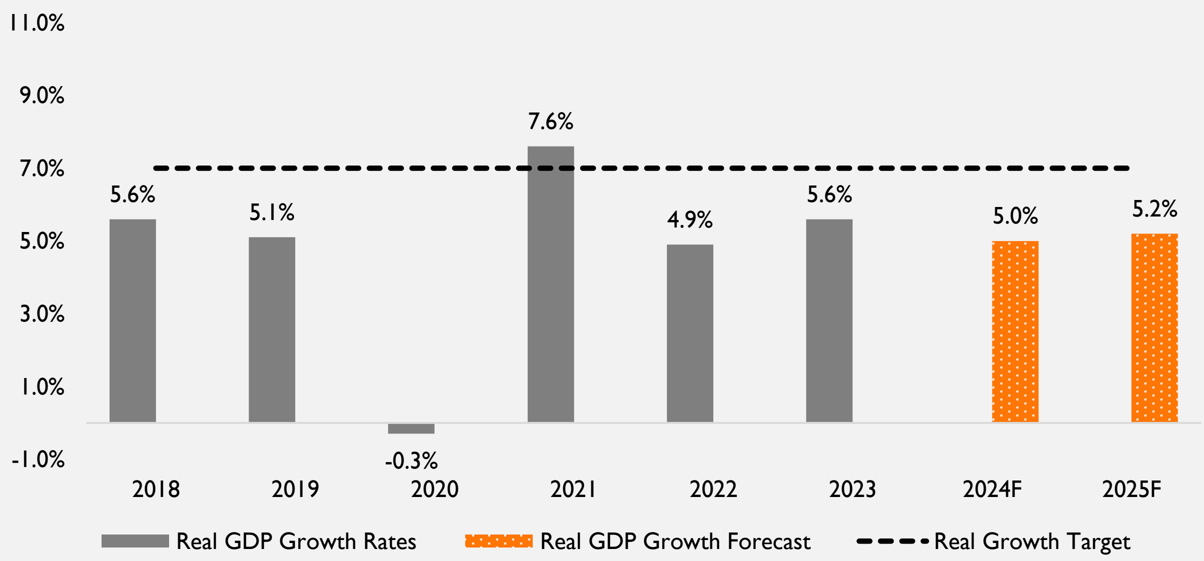
Table 1: Sectoral Growth Rates Heatmap

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Agriculture	**6.4%**	**7.8%**	**5.1%**	**6.2%**	**6.1%**
Non-Agriculture	**5.2%**	**5.1%**	**6.2%**	**4.9%**	**4.7%**
Industry	1.5%	1.4%	3.1%	1.4%	0.1%
Mining and Quarrying	-11.0%	-8.3%	0.8%	-6.9%	-14.8%
Manufacturing	1.7%	1.5%	2.8%	2.0%	1.4%
Electricity	3.8%	2.8%	3.3%	1.3%	2.4%
Construction	3.0%	2.7%	4.0%	2.2%	0.1%
Services	6.8%	6.8%	7.8%	6.5%	6.2%
Wholesale and retail	2.9%	2.1%	3.1%	2.8%	4.9%
Accommodation & restaurant	47.1%	42.7%	34.5%	18.1%	28.0%
Transport & Storage	6.6%	4.6%	5.1%	8.5%	3.8%
Information & Communication	9.5%	7.6%	8.8%	11.0%	7.8%
Financial & Insurance	5.9%	13.2%	15.5%	6.3%	7.0%
Public administration	7.6%	3.2%	4.6%	3.4%	5.8%
Professional Services	8.6%	6.6%	9.7%	12.8%	9.9%
Real estate	7.3%	8.1%	7.7%	6.2%	6.6%
Education	2.0%	3.1%	3.5%	3.9%	4.0%
Health	5.1%	4.7%	5.0%	4.8%	5.5%
Other services	4.6%	2.4%	6.4%	2.9%	2.5%
FISIM	0.6%	4.9%	2.9%	2.5%	5.8%
Taxes on products	**3.0%**	**1.8%**	**1.9%**	**2.0%**	**4.7%**
REAL GDP GROWTH	**5.5%**	**5.6%**	**6.0%**	**5.1%**	**5.0%**

We revise Kenya's 2024 growth forecast to 5.0% - a 60bps reduction from our April forecast. We expect the slowing private sector credit demand to diminish investment multiplier effects on the economy. We similarly expect demand to recover at slower-than-expected rates on account of the elevated cost of credit. While we generally expect services demand to hold up, we do not share similar optimism for the demand for goods. The services sector is expected to remain the engine of growth, accounting for over 55% of GDP, as activity trails firmly above pre-pandemic levels.

Potential upside risks to our growth outlook are rooted in factors such as the quick easing of inflationary pressures – which should start to raise real discretionary incomes – while accelerated investment inflows should spur cycles of expansion across and within various sectors. Nevertheless, the increasingly diversified nature of Kenya's growth drivers provides a stable foundation for sustained expansion, albeit at a more measured pace.

Chart 4: Kenya Real GDP Growth and Forecasts



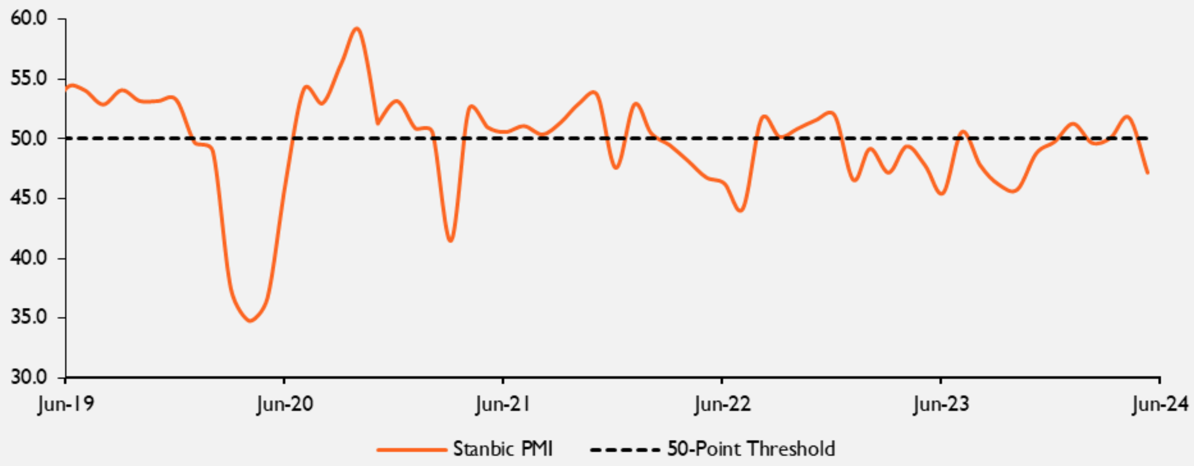
Source: Kenya National Bureau of Statistics, AIB-AXYS Research

Shaky Confidence: Purchasing Managers Index

Stanbic Bank Kenya's Purchasing Managers Index (PMI) trend showed signs of deteriorating business sentiment over the second quarter of 2024 – declining to an average of 49.7 compared to 50.3 in the previous quarter. PMI readings above 50.0 signal improvements in business sentiment, while readings below 50.0 signal a deterioration. The dim economic outlook was shaped by widespread economic trials, including tax protests emerging at the latter end of the second quarter. However, there were encouraging signs as staffing and inventory levels showed marked improvement – suggesting an underlying current of business optimism.

Looking ahead, we anticipate a gradual alleviation of pressures on the private sector, driven by moderating input prices and subdued inflationary pressures. The positive impacts of monetary tightening are expected to further bolster business confidence. Nevertheless, we remain cognizant of potential risks, including an uncertain tax landscape, ongoing supply chain disruptions, and potential commodity price shocks. As such, we maintain a cautiously optimistic outlook as businesses adapt to lingering uncertainties while positioning themselves for potential growth opportunities.

Chart 5: Stanbic Bank Kenya Purchasing Managers Index



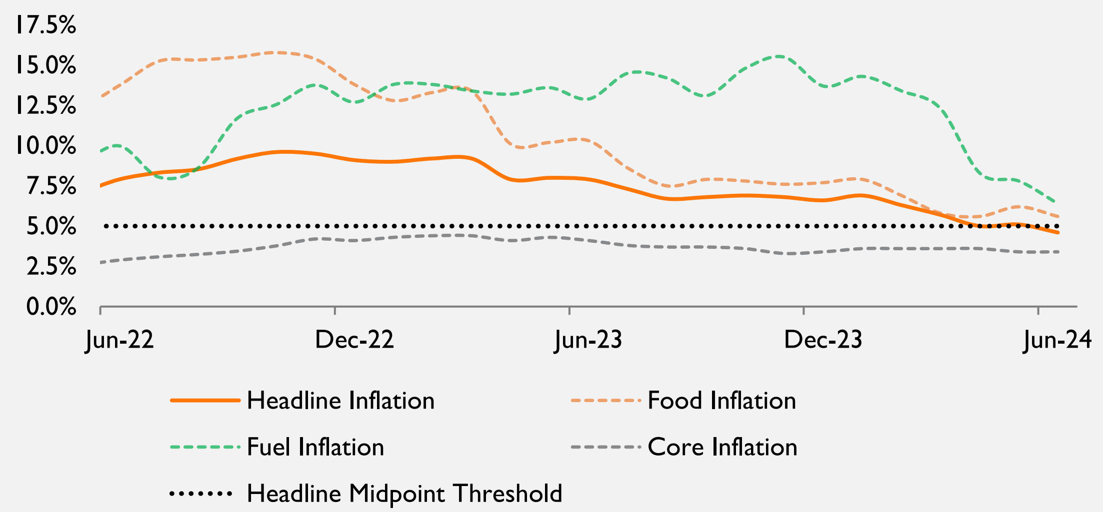
Source: Stanbic Bank Kenya, AIB-AXYS Research

Leaning Into Price Stability: Price Levels

Price pressures eased further during the second quarter as signaled by the softening of the headline inflation rate to 4.6% by June 2024 – 110 bps lower compared to the 5.7% rate recorded in March 2024. We attribute the long-running disinflationary trend to softening food prices amid replenished staple food supplies, and lower fuel costs grounded by a stronger exchange rate.

The food inflation index decelerated to close Q2'2024 at 5.6% compared to 10.3% in a similar period in 2023. Fuel inflation similarly eased considerably to close the quarter at 6.4% compared to 13.4% in a similar quarter the prior year. Core inflation (Non-Food, Non-Fuel) slowed, albeit at a stickier pace, closing the quarter at 3.4% down from 3.6% in March 2024 and 4.1% in December 2023 pointing to the stubborn price pressures.

Chart 6: CPI Inflation Trends



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

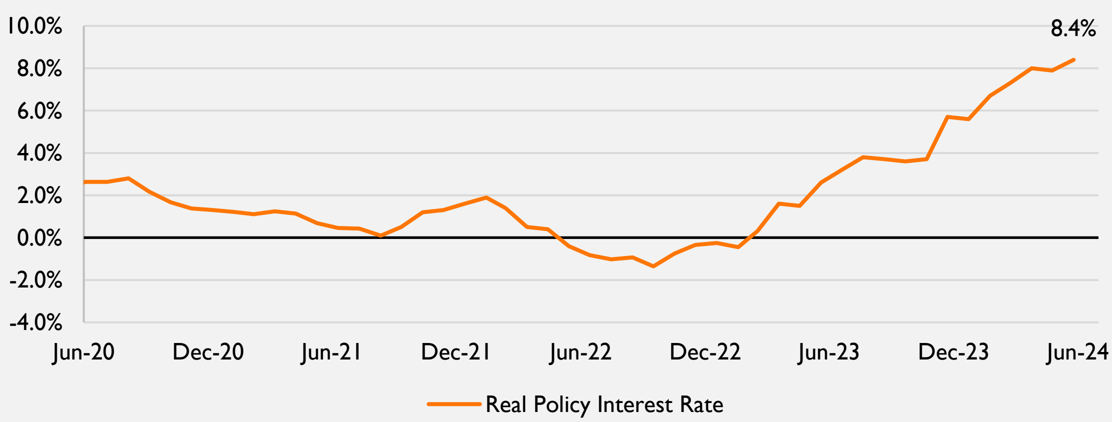
Looking ahead, we anticipate headline inflation will remain sticky and oscillate around the central bank's lower midpoint range. Our outlook is based on expectations of stabilizing consumer and business confidence, as well as the crunching effects of monetary tightening measures. However, potential challenges loom on the horizon. Political uncertainty poses a threat to economic growth and may adversely impact the overall business environment. Additionally, the economy's vulnerability to increased global uncertainty could potentially trigger a secondary inflationary cycle. Despite these risks, the overall trend suggests a period of relative price stability, with inflation rates remaining within desired targets.

Resilient Rebound: Exchange Rate Vintage

The Kenyan shilling remained resilient during the second quarter of 2024, strengthening further against the key hard currencies such as the US Dollar. This upward momentum was driven by a confluence of domestic and global factors, with the currency closing the second quarter exchanging at KES 129.53, a mild improvement from KES 131.80 at the end of the preceding quarter.

Key to this performance were the reforms implemented by the Central Bank of Kenya (CBK) in the first quarter of 2024 to enhance operational efficiency in the interbank foreign exchange market. These measures, coupled with the CBK's strategic move to raise real yields, catalyzed an influx of portfolio dollar inflows, allaying dollar liquidity risks in the market.

Chart 7: Real Policy Interest Rate



Source: AIB-AXYS Research

Looking ahead to H2'2024, we maintain a stable outlook for the Kenyan shilling. We project sustained stationarity, primarily supported largely by a narrowing current account deficit. Our positive outlook is underpinned by expectations of stabilizing dollar inflows from key export-earning and tourism sectors. Consistent growth in diaspora remittances continues to provide crucial support to the shilling. Additionally, rate-driven portfolio inflows should further bolster foreign exchange inflows.

However, rising external debt-service commitments pose significant threats to the shilling's resilience. Despite these challenges, we expect sustained foreign direct investments, buoyed by attractive real yields to support a balance of payments neutrality. Policy-induced influx of foreign direct investments should provide a stabilizing effect on the currency, helping to offset some of the negative pressures and maintain the shilling's overall positive trajectory.

Table 2: KES Exchange Rate Movements YTD

KES Exchange Rates	31-Dec-23	30-Jun-24	YTD % change
Sterling Pound	199.85	163.90	▲ 18.0%
US Dollar	156.46	129.53	▲ 17.2%
Euro	173.65	138.87	▲ 20.0%
Chinese Yuan	22.03	17.82	▲ 19.1%
Japanese Yen (100)	110.98	80.76	▲ 27.2%
Indian Rupee	1.88	1.55	▲ 17.4%
South African Rand	8.58	7.06	▲ 17.8%
Kenya/Uganda Shilling	24.08	28.64	▼ (18.9%)
Kenya/Tanzania Shilling	15.99	20.27	▼ (26.7%)

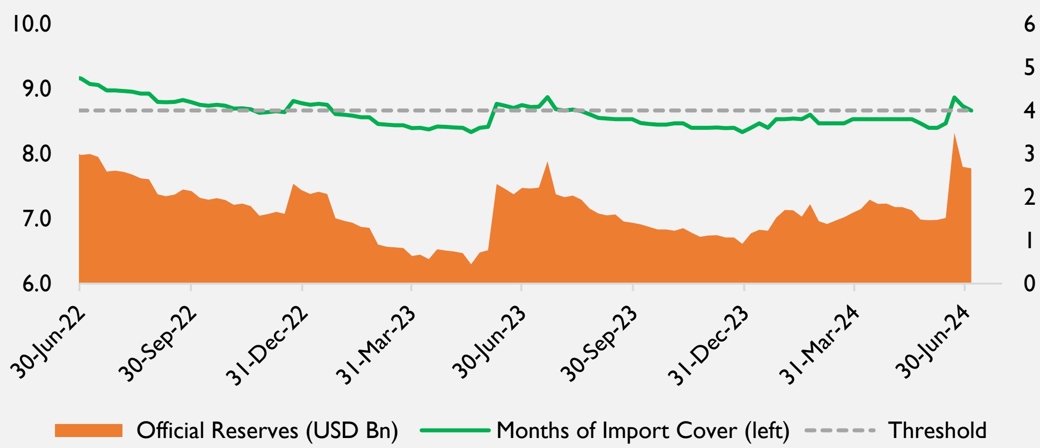
Source: Central Bank of Kenya, AIB-AXYS Research

Replenished yet Precarious Buffers: Forex Reserves

Kenya's stock of gross forex reserves experienced a significant boost reaching USD 7,800Mn by the end of Q2 2024 - enough to cover 4.1 months of import cover, up from 3.8 months in March 2024. The current reserves stood slightly above the minimum 4.0 months threshold for import cover, yet slightly below the East African Community's (EAC) convergence requirement of 4.5 months. We attribute the one-off surge in reserves to the receipt USD 1.2Bn from the World Bank's Development Policy Operation (DPO) financing.

Looking ahead into H2'2024, we anticipate moderate net drawdowns in Kenya's capital buffers, keeping reserves at or slightly below required thresholds. We expect inflows from portfolio investments and incomes from Kenya's net foreign assets to contribute to reserve stability. We also expect capital calls from multilateral guarantors to provide additional support to the reserves.

Chart 8: Forex Reserves Trend



Source: Central Bank of Kenya, AIB-AXYS Research

An Uphill Climb: Fiscal Performance

Fiscal revenue collection in the fiscal year 2024 clocked slightly below revised target – recording a pro-rated performance of 93.1% of its revised Supplementary Budget II targets. The shortfall quickened a reduction in development spending – translating to an absorption rate of only 69.7% of the Supplementary II estimates. Absorptions by recurrent spending votes and equitable distributions to county governments each clocked above 90% of targets. Pensions and gratuities transfer however clocked below expectations – absorbing only 79.4% of latest revised targets.

Table 3: Fiscal Performance for the FY2023/24 (KES Bn)

FY2023/24 Performance (KES Bn)	Original Estimates	Supplementary Estimates I	Supplementary Estimates II	Actual Receipts	Performance vs Supp II
Opening Balance				2.6	
Tax Revenue	2,495.8	2,495.8	2,251.9	2,161.1	96.0%
Non-tax revenue	75.3	80.9	209.1	129.3	61.8%
Total Revenue	**2,571.2**	**2,576.8**	**2,461.0**	**2,292.9**	**93.1%**
Domestic Borrowing	688.2	851.9	1,052.1	795.0	75.6%
External Loans and Grants	870.2	849.8	747.6	705.7	94.4%
Other Domestic Financing	3.2	3.2	3.3	3.5	108.5%
Total Receipts	**4,132.7**	**4,281.6**	**4,263.9**	**3,796.1**	**89.0%**
Expenditures					
Total Recurrent Exchequer Issues	1,302.8	1,360.1	1,435.0	1,360.1	94.8%
Total Development Spending	480.8	457.2	452.1	315.1	69.7%
County Governments Equitable Share	385.4	385.4	385.4	354.6	92.0%
Total Issues to National Government	**3,747.3**	**3,896.2**	**3,878.5**	**3,441.5**	**88.7%**
CFS Exchequer Issues					
Public Debt	1,751.1	1,866.0	1,782.4	1,596.6	89.6%
Pensions and Gratuities	189.1	189.1	187.6	148.9	79.4%
Salaries, Allowances and Miscellaneous	23.5	23.7	21.5	20.8	96.5%
Total CFS Issues	1,963.7	2,078.8	1,991.5	1,766.4	88.7%
Total Expenditures and Transfers	**4,132.7**	**4,281.6**	**4,263.9**	**3,796.1**	**89.0%**

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

Recent efforts to raise the effective tax-to-GDP ratio via various tax hikes, clashed with harsh cost-of-living realities for the majority of low-to-middle income groups, triggering tax protests and broader anti-government protests demanding keener accountability and prudent use of public funds. The Finance Bill 2024 triggered widespread discontent surrounding proposals to raise tax rates – which despite marginal concessions at the latter stage of the public participation process, proved inadequate in quelling the dissatisfaction.

Following the President's refusal to assent the Finance Bill 2024 into law, the National Treasury released a Supplementary Budget I for the Fiscal Year 2025 – trimming down expenditures and raising borrowing targets in line with the projected revenue shortfall amounting to KES 346Bn. The government reduced its expenditure targets by 3.1% - translating to a decrease of KES 121.8Bn. Net domestic financing targets were revised upward from 1.5% of GDP to 1.6% of GDP, whereas net external financing targets were revised upward from 1.8% to 2.0% of GDP.

Table 3: Fiscal Performance for the FY2023/24 (KES Bn)

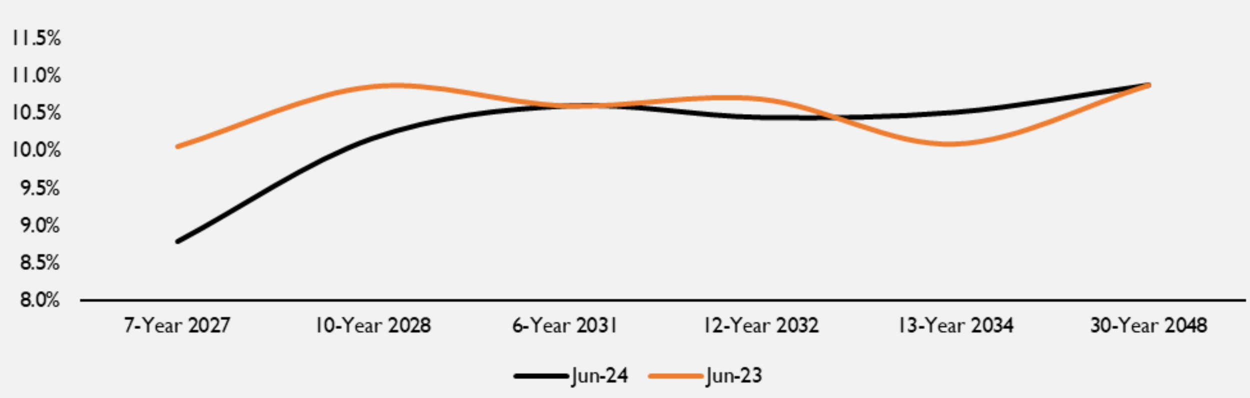
FY2024/25 Budget (KES Bn)	Original Approved Budget	Supplementary Budget I	Change (%)
Ministerial Expenditure	2,378.4	2,222.0	▼ (6.6%)
Recurrent Expenditure	1,632.1	1,598.0	▼ (2.1%)
Development Spending	746.3	624.0	▼ (16.4%)
Consolidated Fund Services	1,213.5	1,237.2	▲ 2.0%
County Shareable transfer	400.1	411.0	▲ 2.7%
Total Expenditures and Transfers	**3,992.0**	**3,870.2**	▼ (3.1%)

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

Confounded Return to Normalization: Eurobond Market

Kenya navigated tremendous uncertainty and volatility across international debt markets over the first half of the year. The government's proactive approach, including the partial buyback of the 2024 Eurobond and the successful issuance of a newly amortized 2031 Eurobond. For much of the quarter, yields on Kenya's Eurobonds oscillated in single digits - a clear indicator of renewed investor confidence in the country's economic prospects. However, the market's stability faced a test towards the end of the quarter as emerging anti-government protests triggered a slight uptick in international yields. We nevertheless expect external yields to remain stable over the medium-term, on Kenya's demonstrated commitment to prudent external liability management.

Chart 9: Kenya Eurobond Yield Curve Evolution

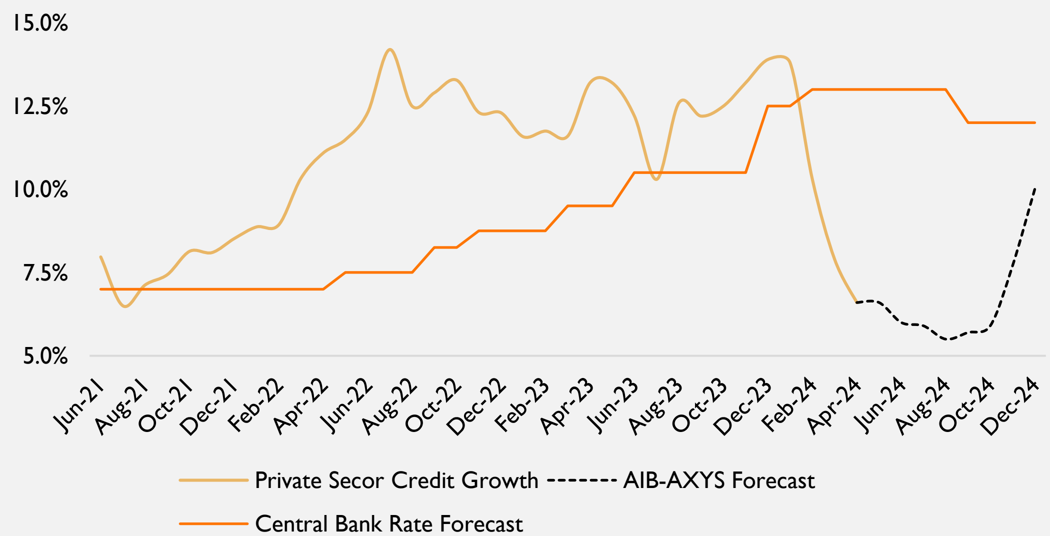


Source: Central Bank of Kenya, AIB-AXYS Research

Higher for Even Longer?: Monetary Policy Outlook

The Central Bank of Kenya's Monetary Policy Committee maintained the benchmark rate at 13.0% during the second quarter in a bid to firmly anchor long-term inflation expectations and stabilize exchange rate pressures. According to the Central Bank of Kenya's May 2024 CEO survey, respondents expressed fears of resurgence in inflationary pressures – stemming largely from the impact of proposed tax measures in the now-redundant Finance Bill 2024. With headline inflation oscillating within the lower target range and the private sector credit growth tumbling to low single-digit territory, we anticipate at least one token-cut of the benchmark rate before the end of the year.

Chart 10: Central Bank Rate and Private Sector Credit Growth Forecast



Source: Central Bank of Kenya, AIB-AXYS Research

Yet, we expect the CBK to remain increasingly vigilant, to prevent losing the gains secured so far in maintaining price stability. However, keeping rates higher for even longer is sure to weaken the growth momentum built up thus far. We anticipate the strengthening of the Kenyan shilling earlier in the year to yield positive passthrough effects on price levels in the real economy. However, looming risks such as escalating geopolitical tensions could upset recovering supply chains and trigger renewed inflationary pressures.

Equities Outlook

Global public equity markets demonstrated sharper recovery amidst the simmering global uncertainty – reflecting greater optimism for the sector over coming quarters. Multisectoral divergences nevertheless persisted across the segment driven by structural shifts - chiefly technological disruptions. Volatility across equity markets intensified in the quarter, as market players priced-in mixed Q1'24 earnings data.

The MSCI All-Country Equities Index recorded a H1 2024 average gross return of 11.3% in USD terms – decelerating from 13.9% in H1 2023. We attribute this depressed corporate performance across several sectors except the technological sector, and murky expectations of the path of interest rates – leading to less bullish valuations on key blue-chip companies. We expect the optimism to intensify across the equity markets over the second half of 2024.

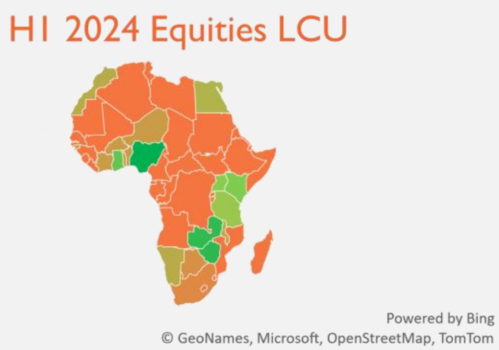
Table 4: Regional Equities Performance (USD % Terms)

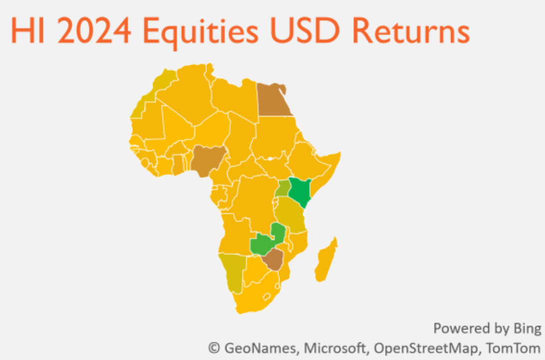
Regional Equities	H1 2024 Return	H1 2023 Return	Change
MSCI Developed Markets	12.0%	15.1%	▼ (3.1%)
MSCI Emerging Markets	7.7%	4.9%	▲ 2.9%
MSCI Frontier Markets	6.2%	6.7%	▼ (0.5%)
MSCI All Country Average	**11.3%**	**13.9%**	▼ (2.6%)

Source: MSCI World, AIB-AXYS Research

Regionally, African equities markets recorded improved performance over H1 2024 to deliver an average return of 10.8% in local currency units (LCU). Nigeria retained its leading position with a LCU return of 33.8% in H1 2024 followed by Zambia and Uganda which posted returns totaling 28.1% LCU and 22.3% LCU, respectively. Rwanda was the slowest market, posting a return of 1.3% LCU. However, the scales shift when we compare USD-equivalent performance for H1 2024. Kenya retained its top performing market position in USD-adjusted returns, posting a gross return of 44.3%, while Egypt trailed to post a -28.1% USD equivalent return.

Chart 11(a) and (b): Africa Equities Return Heatmap





Source: African-Markets, AIB-AXYS Research

Bumpy Road to Price Discovery: Kenyan Equities Outlook

Kenyan equities market contended with varied headwinds on its journey to recovery over the first half of 2024, even as market indicators largely pointed in the positive trend on both half year and annual perspectives. Aggregate trading turnover soared 225.9% y/y to KES 46.90Bn, driven by resilient corporate earnings and broad expectations of interest rate declines. Total market capitalization expanded 18.9% over the first half, driven largely by renewed bullish sentiments on large-cap blue-chip equities.

Table 5: Kenya Equity Market Half Year Statistics

Statistic	H1'23	H2'23	H1'24	h/h change	y/y change
Equity Turnover (KES Mn)	**14,390.6**	**29,006.5**	**46,899.2**	▲ 61.7%	▲ 225.9%
Market Cap (KES Bn)	**1,666.3**	**1,439.0**	**1,710.6**	▲ 18.9%	▲ 2.7%
NSE All share Index	**107.0**	**92.1**	**109.5**	▲ 18.9%	▲ 2.3%
Foreigner Participation	**45%**	**52%**	**39%**	▼ (13.0%)	▼ (6.5%)
Net F. Flows	**(1,438.8)**	**(2,227.9)**	**2,977.9**	▼ (233.7%)	▼ (307.0%)
Market P/E	**6.2x**	**8.5x**	**10.2x**	▲ 20.0%	▲ 64.5%

Source: Nairobi Securities Exchange, AIB-AXYS Research

The Nairobi All-Share Index gained 18.9% over the first half of 2024 to close at 109.5 points. This outperformed the median African median return of 10.2% in local currency units over the same period. Foreigners' participation decreased in percentage terms – declining 650bps y/y to 39.0% of total trading activity. Yet, foreign investor sentiment reversed firmly into bullish territory over the first half, as signaled by the KES 2.97Bn recorded in net inflows over the period under review. We noted the improved bullish participation levels driven primarily by domestic institutional investors.

We similarly observed an acceleration in the market P/E ratio to 10.2x from 8.5x at the start of the year. This in our view reflects greater optimism for corporate performance over coming quarters as higher per-share earnings becomes more correlated with steeper capital gains and higher dividend yields on average.

Table 6: NSE Top Movers H1 2024

Top Movers H1 2024	Turnover (KES Mn)	Turnover (USD Mn)	Foreigners' Participation	Closing Price	% Change (YTD)
Safaricom Plc	KES 14,145.81	$109.95	66.2%	KES 17.75	▲ 27.7%
Equity Group Holdings	KES 9,439.23	$73.37	74.8%	KES 47.15	▲ 40.1%
I&M Holdings	KES 8,455.46	$65.72	96.7%	KES 22.05	▲ 26.0%
KCB Group	KES 6,030.13	$46.87	43.6%	KES 30.05	▲ 37.2%
East African Breweries	KES 1,530.73	$11.90	58.1%	KES 130.50	▲ 14.5%
Co-operative Bank of Kenya	KES 1,164.62	$9.05	3.4%	KES 15.00	▲ 31.6%
Absa Bank Kenya	KES 823.98	$6.40	4.6%	KES 13.95	▲ 21.8%
British American Tobacco Kenya	KES 813.63	$6.32	37.8%	KES 414.50	▲ 1.7%
Stanbic Holdings	KES 707.23	$5.50	41.0%	KES 126.50	▲ 16.3%
Bamburi Cement	KES 548.17	$4.26	14.3%	KES 46.95	▲ 31.0%
Standard Chartered Bank	KES 546.35	$4.25	6.7%	KES 197.75	▲ 22.1%
KenGen Co.	KES 377.03	$2.93	43.6%	KES 2.42	▲ 20.4%
Diamond Trust Bank	KES 309.55	$2.41	2.8%	KES 55.00	▲ 22.1%
NCBA Group	KES 233.64	$1.82	6.6%	KES 43.80	▲ 12.5%
BK Group	KES 210.64	$1.64	63.6%	KES 34.00	▼ (5.0%)

Source: Nairobi Securities Exchange, AIB-AXYS Research

The top traded counters over the first half of 2024 were ***Safaricom***, ***Equity Group Holdings*** and ***I&M Group*** with turnovers clocking **KES 14.14Bn, KES 9.44Bn** and **KES 8.46Bn**, respectively. Foreign investors accounted for the larger participation levels in ***Safaricom, Equity Group, I&M Holdings, East African Breweries*** and ***BK Group.*** Valuations broadly improved in tandem with overall participation levels. Bullish sentiment was largely skewed on ***KCB Group***, which recorded net inflows amounting to **KES 1.75Bn**, whereas on the flipside, bearish sentiment was skewed on ***Safaricom*** which recorded net outflows amounting to **KES 926Mn.**

Table 7: Top H1 2024 Net Foreigners' Picks

Top Foreigner Net Inflows (KES Mn)	Amount (KES Mn)	Top Foreigner Net Outflows (KES Mn)	Amounts (KES Mn)
KCB Group	KES 1,753.3	Safaricom Plc	(KES 926.0)
East African Breweries	KES 455.4	British American Tobacco Kenya	(KES 411.5)
Equity Group Holdings	KES 194.1	KenGen Co.	(KES 193.9)
BK Group	KES 135.2	Stanbic Holdings	(KES 164.4)
I&M Holdings	KES 91.8	Bamburi Cement	(KES 140.1)
Absa Bank Kenya	KES 38.6	Centum Investment	(KES 82.6)
NCBA Group	KES 20.9	Kenya Re Insurance Corporation	(KES 10.7)
Kenya Power & Lighting Co	KES 10.2	Diamond Trust Bank	(KES 10.0)
Crown Paints Kenya	KES 8.7	Kapchorua Tea Kenya	(KES 9.3)
Jubilee Holdings	KES 6.1	Umeme Ltd	(KES 5.4)

Source: Nairobi Securities Exchange, AIB-AXYS Research

Table 7 below shows the winners and losers in the capital gains dimension over the first half 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 8: H1 2024 Winners and Losers (Capital Gains)

Top Gainers H1 2024	Closing Price		% Change
KCB Group	KES	31.25	▲ 42.4%
Liberty Kenya Holdings	KES	5.30	▲ 37.3%
East African Breweries	KES	146.75	▲ 26.2%
Safaricom Plc	KES	17.30	▲ 25.8%
Equity Group Holdings	KES	42.25	▲ 23.5%
I&M Holdings	KES	21.55	▲ 23.5%
Absa Bank Kenya	KES	14.00	▲ 21.2%
Standard Chartered Bank	KES	194.00	▲ 21.1%
Kapchorua Tea Kenya	KES	260.25	▲ 21.0%
KenGen Co.	KES	2.39	▲ 19.5%

Top Losers H1 2024	Closing Price		% Change
E.A. Portland Cement	KES	4.99	▼ (37.6%)
Unga Group	KES	12.55	▼ (25.5%)
Kenya Re Insurance Corporation	KES	1.42	▼ (23.2%)
Trans-Century Plc	KES	0.41	▼ (21.2%)
Home Afrika Ltd	KES	0.32	▼ (17.9%)
Nation Media Group Plc	KES	16.90	▼ (17.2%)
British American Tobacco Kenya	KES	353.75	▼ (16.8%)
TPS Eastern Africa	KES	14.00	▼ (13.8%)
Longhorn Publishers	KES	2.09	▼ (13.3%)
Express Kenya Ltd	KES	3.22	▼ (13.0%)

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

KCB Group recorded the highest valuation gains over the first half of 2024, to register a 42.4% return. ***Liberty Kenya Holdings*** and ***East African Breweries*** followed, posting 37.3% and 26.2% gains, respectively. On the flipside, ***E.A. Portland*** recorded the worst valuation losses over the first half of 2024, declining 37.6%.

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 H1 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 secondary market sustained momentum throughout the first half of 2024, as market yields commenced their anticipated U-turn. 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.

Table 9: NSE Secondary Market Key Stats

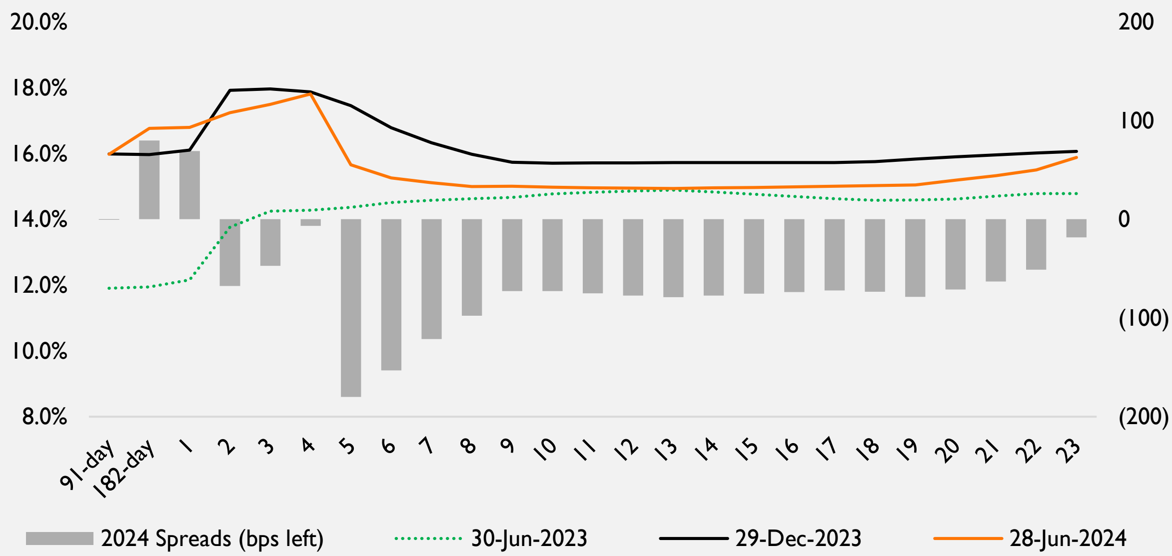
Statistic	H1'23	H2'23	H1'24	h/h change	y/y change
Bond Turnover	**152.5**	**350.8**	**767.0**	▲ 118.6%	▲ 402.8%
NSE Bond Index	-	1003.36	1040.12	▲ 3.7%	-
1-year domestic yield	12.16%	16.10%	16.79%	▲ 69 bps	▲ 463 bps
2-year domestic yields	13.76%	17.92%	17.24%	▼ (68 bps)	▲ 348 bps
5-year domestic yields	14.36%	17.45%	15.65%	▼ (180 bps)	▲ 129 bps
10-year domestic yields	14.77%	15.70%	14.98%	▼ (73 bps)	▲ 21 bps
15-year domestic yields	14.76%	15.73%	14.97%	▼ (76 bps)	▲ 21 bps
20-year domestic yields	14.61%	15.90%	15.19%	▼ (71 bps)	▲ 57 bps

Source: NSE, AIB-AXYS Research

Trading volumes across the secondary market surged 402.8% over the first half of 2024 to KES 767.0Bn worth of Treasury Bonds compared to KES 152.5Bn a similar comparable period last year. We attribute this surge in secondary market turnover to increased demand for the attractive infrastructure bond issues, especially the February 2024 issue. Given the peaking-and-now-tapering interest rates, we expect rising trading activity over the remainder of 2024, arising particularly from expectations of an advancing bond price rally over coming quarters.

The NSE Bond Index rose 3.7% on a year-to-date basis – pointing to the early rally on benchmark bond issues. The rise was primarily driven by a general decline in benchmark yields, with the 5-year domestic yield declining 180bps to 15.65%. We expect this rally trend to persist, albeit at a slower pace on account of upsized net domestic financing targets.

Chart 12: Kenya Domestic Yield Curve Evolution H1 2024



Source: Nairobi Securities Exchange, AIB-AXYS Africa

As earlier forecasted, the yield curve proceeded with its tapering trend, easing predominantly on the medium-to-long end sections. Yields however held stubbornly at the short end of the curve, despite long running assertiveness by the Central Bank of Kenya to nudge 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 average cost of debt and investors on the other, keen to maximize real returns.

Our forward curve forecast anticipates a marginal downward shift of the yield curve, with sizeable disturbance on the short and medium sections of the curve. We, however, do not anticipate yield curve normalization by the end of the year. Given the brewing global uncertainty – and likely implications on price levels, it is also likely that key central banks may keep rates *higher-for-even-longer*. In this scenario, we expect domestic yields to hold at current levels.

Portfolio Management

Cyclical shifts in the business cycle continue to present appetizing 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 have remained increasingly volatile. We also take better appreciation high correlation between Macros and both Equities and Duration Assets. Our theme title "*Aiming for the Green Zone*" implies doubling down on core portfolios and filtering away the noisy elements to maximize overall risk-adjusted returns. It is vital for investors to beware of the recency bias – the tendency to give greater importance to the most recent events or most easily recallable events – as markets are sure to remain increasingly volatile and what was true before may not hold in the new regime.

AIB-AXYS Africa Equities Portfolio Recommendation Q3 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 financial services, manufacturing and telecommunication sectors. Below is a list of our rebalanced equities portfolio composition and weightings over the third quarter of 2024.

Table 10: Rebalanced Q3 AIB-AXYS Equities Portfolio

Counter	Sector	Opening Price	Target Price	Expected Return	Q3 2024 Weight
KCB Group	Banking	31.25	42.55	36.2%	22.5%
Equity Group	Banking	42.25	49.45	17.0%	10.0%
Standard Chartered Kenya	Banking	194	228.50	17.8%	10.0%
NCBA Group	Banking	41.1	48.25	17.4%	10.0%
Stanbic Bank	Banking	114.25	133.10	16.5%	10.0%
EABL	Manufacturing	146.75	176.25	20.1%	10.0%
BAT	Manufacturing	354	408.25	15.3%	10.0%
Safaricom	Telecommunication	17.3	22.10	27.7%	17.5%

Source: AIB-AXYS Africa Research

AIB-AXYS Africa Fixed Income Portfolio Recommendation Q3 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 11: 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	8.1	18.461%	4.3
FXD1/2024/003	Jul-2024	Jan-2027	2.5	18.385%	2.2
IFB1/2023/6.5Yr	Nov-2024	May-2030	5.9	17.933%	3.6
FXD1/2023/002	Aug-2024	Aug-2025	1.1	16.972%	1.3
FXD1/2023/005	Jul-2024	Jul-2028	4.0	16.844%	3.0
FXD1/2024/010	Sep-2024	Mar-2034	9.7	16.000%	4.8
IFB1/2023/007	Dec-2024	Jun-2030	6.0	15.837%	3.9
FXD1/2016/010	Aug-2024	Aug-2026	2.1	15.039%	1.9
IFB1/2023/017	Sep-2024	Feb-2040	15.7	14.399%	5.7
FXD1/2023/003	Nov-2024	May-2026	1.9	14.228%	1.8

Source: NSE, AIB-AXYS Research

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
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%				
Apr-24	25,000	FXD1/2023/005 - Tap Sale	4.4		16.844%		18.410%	
		FXD1/2024/010 - Tap Sale	9.9	**183.4%**	16.000%		16.519%	
	40,000	FXD1/2023/002 - Re-open	1.4	**118.0%**	16.972%	17.147%	16.992%	▼ (54 bps)
May-24	25,000	FXD1/2024/010 - Re-opened	9.9	**16.668%**	16.000%	16.668%	16.227%	▲ 7 bps
	15,000	FXD1/2024/010 - Tap Sale	9.9	**46.8%**	16.000%			
Jun-24	30,000	FXD1/2023/002 - Re-opened	1.2		16.972%	17.187%	17.123%	▲ 37 bps
		FXD1/2024/003 - Re-opened	2.6	**102.9%**	18.385%	17.627%	17.586%	▲ 40 bps
	30,000	FXD1/2023/005 - Re-opened	4.1		16.844%	18.277%	18.165%	▲ 86 bps
		FXD1/2023/010 - Re-opened	8.7	**138.5%**	14.151%	16.571%	16.392%	▲ 163 bps
	20,000	FXD1/2023/002 - Tap Sale	1.2		16.972%			
		FXD1/2024/003 - Tap Sale	2.6		18.385%			
		FXD1/2023/005 - Tap Sale	4.1		16.844%			
		FXD1/2023/010 - Tap Sale	8.7	**125.7%**	14.151%			
Jul-24	20,000	FXD1/2023/002 - Tap Sale	1.2	**2.4%**	16.972%			
Average*	**39,167**		**4.3**	**129.3%**	**16.904%**	**17.844%**	**17.552%**	**▲ 69 bps**

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

Annex II: AIB-AXYS Equities Market Scorecard as of 28th June 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	13.00	▼ (0.8%)	▼ (6.8%)	1,000	35.67	418.0	(0.49)	-	(26.4x)	0.4x	0.0%	0.0%	0.0%	0.0%
Kakuzi Plc	355.25	-	▼ (7.7%)	0	302.55	6,962.9	23.14	24.00	15.4x	1.2x	6.8%	103.7%	7.6%	6.3%
Kapchorua Tea Kenya Plc	260.25	▼ (3.7%)	▲ 21.0%	700	262.26	2,036.2	51.04	25.00	5.1x	1.0x	9.6%	49.0%	19.5%	13.7%
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	18.95	-	▼ (5.3%)	600	63.16	4,321.7	1.70	1.00	11.1x	0.3x	5.3%	41.5%	2.7%	2.2%
Williamson Tea Kenya Plc	271.00	▼ (6.1%)	▲ 30.3%	9,300	388.95	4,745.9	28.41	25.00	9.5x	0.7x	9.2%	88.0%	7.3%	5.5%
Industry Median		**▼ (0.4%)**	**▼ (2.6%)**			**19,396.7**			**10.3x**	**0.8x**	**6.0%**	**45.2%**	**5.8%**	**4.5%**
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	22.55	▲ 8.9%	▼ (9.8%)	100	142.92	904.3	(3.33)	-	(6.8x)	0.2x	0.0%	0.0%	0.0%	0.0%
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	14.00	-	▲ 22.3%	76,800	13.81	76,041.5	3.28	1.55	4.3x	1.0x	11.1%	51.5%	23.7%	3.6%
BK Group Plc	36.00	-	▲ 0.6%	0	49.40	32,283.3	10.93	3.90	3.3x	0.7x	10.8%	38.0%	22.1%	3.8%
Diamond Trust Bank Kenya Ltd	46.50	▲ 0.3%	▲ 3.2%	24,400	290.99	13,001.5	25.34	6.00	1.8x	0.2x	12.9%	24.4%	8.7%	1.2%
Equity Group Holdings Plc	42.25	▼ (0.9%)	▲ 25.6%	116,200	57.97	159,437.8	11.94	4.00	3.5x	0.7x	9.5%	36.0%	20.6%	2.7%
HF Group Plc	4.03	▲ 0.5%	▲ 15.8%	11,800	23.41	1,550.0	1.01	-	4.0x	0.2x	0.0%	0.0%	4.3%	0.6%
I&M Group Plc	21.55	▼ (0.2%)	▲ 23.1%	43,800	52.76	35,635.5	8.10	2.55	2.7x	0.4x	11.8%	33.4%	15.4%	2.5%
KCB Group Plc	31.25	▼ (0.2%)	▲ 42.7%	197,300	72.03	100,420.7	19.54	-	1.6x	0.4x	0.0%	0.0%	27.1%	3.1%
NCBA Group Plc	41.10	▲ 0.5%	▲ 5.5%	63,400	59.96	67,713.1	13.16	4.75	3.1x	0.7x	11.6%	36.5%	21.9%	3.1%
Stanbic Holdings Plc	114.25	▼ (0.7%)	▲ 5.1%	4,300	173.41	45,165.5	31.37	15.35	3.6x	0.7x	13.4%	49.9%	18.1%	2.7%
Standard Chartered Bank Kenya Ltd	194.00	▲ 1.4%	▲ 19.8%	400	179.87	73,303.0	40.04	29.00	4.8x	1.1x	14.9%	80.2%	22.3%	3.9%
The Co-operative Bank of Kenya Ltd	12.70	▲ 0.4%	▲ 11.4%	121,200	19.35	74,513.2	3.92	1.50	3.2x	0.7x	11.8%	38.3%	20.3%	3.4%
Industry Median		**-**	**▲ 15.8%**			**679,065.1**			**3.3x**	**0.7x**	**11.6%**	**36.5%**	**20.6%**	**3.1%**
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	1.22	▼ (3.9%)	▲ 13.0%	600	0.30	256.2	(0.28)	-	(4.4x)	4.1x	0.0%	0.0%	0.0%	0.0%
Express Kenya Plc	3.22	-	▼ (13.0%)	0	10.90	153.6	(2.17)	-	(1.5x)	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	2.09	▼ (7.9%)	▼ (13.3%)	8,400	0.39	569.4	(2.45)	-	(0.9x)	5.3x	0.0%	0.0%	0.0%	0.0%
Nairobi Business Ventures Ltd	2.19	-	▼ (18.9%)	0	0.48	2,964.6	0.01	-	237.1x	4.5x	0.0%	0.0%	1.9%	1.6%
Nation Media Group Plc	16.90	▲ 1.2%	▼ (15.7%)	5,800	39.61	3,505.0	(1.10)	-	(15.4x)	0.4x	0.0%	0.0%	0.0%	0.0%
Sameer Africa Plc	2.05	▼ (1.4%)	▼ (9.7%)	1,100	1.70	570.6	0.17	-	12.1x	1.2x	0.0%	0.0%	10.0%	3.2%
Standard Group Plc	6.80	-	▼ (12.1%)	0	0.96	555.8	(7.93)	-	(0.9x)	7.1x	0.0%	0.0%	0.0%	0.0%
TPS Eastern Africa (Serena) Ltd	14.00	-	▼ (14.9%)	1,700	57.78	2,550.4	2.89	-	4.8x	0.2x	0.0%	0.0%	5.0%	2.6%
Uchumi Supermarket Plc	0.18	▼ (5.3%)	▲ 5.9%	76,300	-11.73	65.7	(5.56)	-	(0.0x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
WPP Scangroup Plc	2.20	▲ 3.8%	▲ 0.9%	500	12.21	950.7	0.31	-	7.1x	0.2x	0.0%	0.0%	2.5%	1.7%
Industry Median		**-**	**▼ (12.1%)**			**12,436.6**			**(0.7x)**	**0.8x**	**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	41.80	▼ (1.4%)	▲ 16.6%	10,400	99.86	15,171.7	1.85	5.47	22.6x	0.4x	13.1%	296.3%	1.8%	1.5%
Crown Paints Kenya Plc	35.30	-	▼ (1.0%)	0	25.92	5,025.4	(0.20)	-	(176.5x)	1.4x	0.0%	0.0%	0.0%	0.0%
E.A Cables Ltd	0.92	▼ (6.1%)	▼ (5.2%)	26,400	1.45	232.9	(1.02)	-	(0.9x)	0.6x	0.0%	0.0%	0.0%	0.0%
E.A Portland Cement Co. Ltd	4.99	▼ (0.6%)	▼ (37.6%)	21,200	204.83	449.1	(14.19)	-	(0.4x)	0.0x	0.0%	0.0%	0.0%	0.0%
Industry Median		**▼ (1.0%)**	**▼ (3.1%)**			**20,879.1**			**(0.6x)**	**0.5x**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
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	2.39	-	▲ 18.9%	48,600	41.72	15,760.9	0.72	0.30	3.3x	0.1x	12.6%	39.5%	1.7%	0.9%
Kenya Power & Lighting Co Plc	1.66	▲ 2.5%	▲ 16.9%	34,900	29.13	3,239.4	(1.64)	-	(1.0x)	0.1x	0.0%	0.0%	0.0%	0.0%
TotalEnergies Marketing Kenya Plc	21.50	▼ (4.4%)	▲ 19.4%	6,000	51.19	13,535.2	4.48	1.92	4.8x	0.4x	8.9%	42.9%	8.8%	3.7%
Umeme Ltd	15.45	▼ (5.8%)	▼ (3.4%)	110,200	19.64	25,088.9	0.24	3.11	64.0x	0.8x	20.1%	1287.5%	1.2%	0.5%
Industry Median		**▼ (2.2%)**	**▲ 17.9%**			**57,624.4**			**4.1x**	**0.2x**	**10.7%**	**41.2%**	**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	6.04	▲ 7.1%	▲ 26.1%	8,200	10.18	15,241.9	1.29	-	4.7x	0.6x	0.0%	0.0%	12.7%	1.9%
CIC Insurance Group Ltd	2.13	▲ 2.4%	▼ (4.9%)	28,300	2.91	5,571.1	0.57	0.13	3.7x	0.7x	6.1%	22.8%	19.6%	3.0%
Jubilee Holdings Ltd	179.00	▲ 5.3%	▼ (3.2%)	200	748.90	12,972.7	59.00	14.30	3.0x	0.2x	8.0%	24.2%	7.9%	2.2%
Kenya Re- Insurance Corporation Ltd	1.42	▲ 1.4%	▼ (24.5%)	1,565,600	8.60	7,951.4	0.89	0.15	1.6x	0.2x	10.6%	16.9%	10.3%	7.6%
Liberty Kenya Holdings Ltd	5.30	-	▲ 43.6%	900	17.88	2,839.2	1.22	0.37	4.3x	0.3x	7.0%	30.6%	6.8%	1.5%
Sanlam Kenya Plc	5.94	▼ (1.0%)	▼ (1.0%)	900	6.02	855.4	(1.12)	-	(5.3x)	1.0x	0.0%	0.0%	0.0%	0.0%
Industry Median		**▲ 1.9%**	**▼ (2.1%)**			**45,431.6**			**3.4x**	**0.4x**	**6.6%**	**19.8%**	**9.1%**	**2.0%**
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	8.72	-	▲ 3.8%	42,900	57.62	5,803.6	(5.01)	0.60	(1.7x)	0.2x	6.9%	(9.6%)	0.0%	0.0%
Home Afrika Ltd	0.32	▼ (3.0%)	▼ (13.5%)	33,100	-6.61	129.7	(0.11)	-	(2.9x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
Kurwitu Ventures Ltd	1,500.00	-	-	0	502.63	153.4	(19.22)	-	(78.1x)	3.0x	0.0%	0.0%	0.0%	0.0%
Olympia Capital Holdings Ltd	2.98	-	▼ (8.9%)	0	25.44	119.2	0.61	-	4.9x	0.1x	0.0%	0.0%	2.4%	1.7%
Trans-Century Plc	0.41	▼ (4.7%)	▼ (21.2%)	289,400	-24.20	153.8	(9.11)	-	(0.0x)	(0.0x)	0.0%	0.0%	0.0%	0.0%
Industry Median		**-**	**▼ (8.9%)**			**6,359.7**			**(1.7x)**	**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	5.86	-	▼ (2.7%)	8,300	7.21	1,525.9	0.07	0.16	83.7x	0.8x	2.7%	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	89.00	▼ (5.3%)	▲ 8.5%	300	92.57	1,737.8	10.14	6.05	8.8x	1.0x	6.8%	59.7%	11.0%	9.2%
British American Tobacco Kenya Plc	353.75	▲ 0.1%	▼ (13.2%)	64,800	162.50	35,375.0	55.68	50.00	6.4x	2.2x	14.1%	89.8%	34.3%	23.2%
Carbacid Investments Plc	17.90	▲ 5.0%	▲ 19.3%	17,300	16.33	4,561.9	3.20	1.70	5.6x	1.1x	9.5%	53.1%	19.6%	19.9%
East African Breweries Plc	146.75	▲ 3.3%	▲ 28.7%	700	37.27	152,365.5	10.62	5.50	13.8x	3.9x	3.7%	44.1%	28.5%	7.7%
Flame Tree Group Holdings Ltd	1.28	▲ 8.5%	▲ 23.1%	200	7.36	227.9	(0.42)	-	(3.0x)	0.2x	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	12.55	-	▼ (25.5%)	0	72.52	950.1	(9.78)	-	(1.3x)	0.2x	0.0%	0.0%	0.0%	0.0%
Industry Median			**▲ 8.5%**			**195,469.1**			**6.4x**	**1.1x**	**3.7%**	**44.1%**	**11.0%**	**7.7%**
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	17.30	▲ 0.6%	▲ 24.5%	6,538,000	5.65	693,131.9	1.57	1.20	11.0x	3.1x	6.9%	76.4%	27.8%	9.8%
Market Average		**▲ 0.4%**	**▲ 18.9%**			1,711,345.4			**10.2x**	**0.8x**	**4.4%**		**7.0%**	**2.6%**

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