

HISANET AFRICA INVESTMENT SERVICES

WEEKLY MARKET REPORT

WEEK 5(28th to 1st February 2008)

Issue No. 4



STOCK MARKET PERFORMANCE REPORT

The past week saw the bourse witness the one of the worst trading sessions in market Kenya's stock market history, loosing over Kshs 40bn in value of the listed shares, forcing the market to be suspended for 15 minutes to cool the market and forestall a price crash from panic selling. The shilling gained only slightly against the green back, posting Kshs 70.30/70.40 at the close of the week. Mean while, annual inflation in the country has increased to 18.2% for the month of January compared to 12% recorded in December. This has largely been attributed to rising food prices and high world oil prices.

The 20 share index edged slightly down over the past week, loosing 171.92 points to close the week at 4795.96points. The number of shares that changed hands however increased marginally from 42mn recorded in the previous week to 53mn shares recorded at the close of the week. Turnover stood at 1.8bn while market capitalization stood at 777bn.

Most of the counters were on the loosing end, with 38 capturing declines, only 2 edging up and 5 remaining constant. Among the active counters this week we're KCB, which moved 14mn shares, Mumias which traded 8mn shares, Access Kenya and CMC, moving 4.9mn and 5mn shares respectively. In the recently issued results, CMC announced a bonus issue of one for every five held, with the books closing on Friday, 1st February.

WEEK'S MOVERS

Top 5 Gainers	Stock Price Kshs	%Δ
NBK	43	6.17%
HFCK	41.25	3.77%
Eveready	8	1.91%
DTB	86.50	1.17%
BAT	139	0.72%

Top 5 Losers	Stock Price Kshs	%Δ
Car&Gen	50	-12.28%
Crown Berger	43	-12.24%
Unilever	55	-11.29%
City Trust	135	-10%
Kenya Airways	51	-8.93%



WEEKLY HIGHLIGHTS

KENYA AIRWAYS

The company represents one of the worst hit industries in the country, with plans over the past week to send home part of its work force. It has been forced to review its forecast for the current financial year in the carriers strategy to stay afloat in the mid of misfortunes that have seen its customer base decline and declining profits.

In the previous financial period, the company realized a decline in profitability owing to weakening of the dollar, largely affecting its revenue which is valued in dollars.

The effect of the political crisis adds to their growing concern set off by diminishing market domination as a result of poor service delivery. The past 4 weeks have seen the courier's passenger numbers in major routes plunge by over 15% in the last 4 weeks. The counter is currently trading a range of Kshs 45 and Kshs 50. With performance of the company this year not looking so promising, it may only be a good one to hold over the long term. We do not consider it as strong a counter to hold over the short and middle term period.

KENOL

The company's 4th Quarter profits hit Kshs 549mn, with gross profits increasing by 288% to a high of Kshs 1.6bn during the period. Profits after tax went up 35.4% to Kshs 1.2bn. The results come in at a time when fuel prices in the country have hit record highs as the shilling continues to weaken marginally against the dollar. Disruption of the transport system in the country has forced the company to put in place alternative transport systems though its operations have been largely affected.

The oil company's improvement in profitability has been largely attributed to better performance among the firm's subsidiaries and the recent acquisition of Kobil Oil Company in a deal that was worth Kshs 800mn.



OUTLOOK

In the coming week we may witness much the same reaction from investors as that seen over the past week. The political situation and its progression will definitely have an impact on the market trend.

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