

HISANET AFRICA INVESTMENT SERVICES

WEEKLY MARKET REPORT

WEEK 3(14th to 18th January 2008)

Issue No. 2



STOCK MARKET PERFORMANCE REPORT

As the 10th Parliament opened in the past week, the country is yet to heal from effects of the post election violence. The shilling has continued weakening against the dollar as pressure mounts in light of the current political stalemate. The shilling at the close of the week was trading at Kshs68.90/69.00 to the dollar, largely driven by weak demand for the shilling by importers.

The NSE was generally less active over the past week with fewer numbers of shares changing hands as most investors sought to take a backseat due to the post election uncertainty. The 20 share index closed the week down 236 points from the previous week's 5335.23 points to this week's 5098.48 points. The number of shares that changed hands over the week in review we're 44.8bn, compared to 57.9bn recorded in the previous week. Turnover for the week was Kshs1.64bn, while market capitalization, which represents the value of the companies listed at the market edged down from Kshs855.25bn to 826.87bn.

Out of 45 active counters, only 2 captured appreciations while a massive 39 we're on the loosing end and 4 remained constant. KCB was the most active counter, moving a massive 8.9mn shares and loosing 3.6% in its share price. On the commercial and services counter, Access Kenya moved 4.5mn shares while CMC moved 4.6mn shares.

WEEK'S MOVERS

Top 5 Gainers	Stock Price Kshs	%Δ
Car&Gen	57	7.55%
Eaagads	46.50	1.09%

Top 5 Losers	Stock Price Kshs	%Δ
Sasini	14.60	-13.10%
NBK	40.50	-10.50%
NIC	56	-9.68%
Pan Africa Ins	90	-9.55%
Kakuzi	30	-9.09%



WEEKLY HIGHLIGHTS

SASINI

The company released results for the financial year ended 30th September 2007, recording an operating loss after tax of

Kshs31.05mn. This is a major decline from a profit of Kshs236mn realized in a similar period last year.

The decline in performance has largely been attributed to strengthening of the Shilling for the larger part of last year, leading to a major decline on company's import earnings. Decline in International tea prices in the past year also led to a dip in its earnings for the year.

To counter this, the company has embarked on a strategy that is geared towards reducing dependence on traditional tea and coffee operations. The company will seek to embark on a strategy that will involve quality improvement, diversification and scaling up the value chain.

The company has been in the Kenyan Market since 1952 and was listed in 1965. Its principal activity is growing and processing tea and coffee, investing in equity and property forestry and the breeding of cattle for milk and beef.

The counter lost a lot of ground over the past week, dropping by over 13% to close the week at an average of Kshs14.60 with 164000 shares changing hands over the week compared to 344700 shares that changed hands over the previous week.

SAFARICOM

Key advisors of the transaction have gone back to the drawing board to determine how to price the shares.

The among the key issues being discussed is the fact that the sale may not generate as much euphoria as other offerings in the market last year and therefore may not raise the amount it was expected to raise. This may pose a major problem for the Government, which was to use proceeds from the sale to reduce the current budget deficit.

The market leader has lost Kshs 400mn in airtime sales as the transport crisis made it impossible for goods to pass to some specific parts of the country.

The valuation of the company is expected to be slightly lower owing to factors such as depreciation of the Kenyan currency against the dollar and projections of economic performance for the year.



OUTLOOK

In the coming week, we expect the market to react largely to news received on the political scene, as was the case in the past week. Counters worth looking at the moment are CMC, KCB, Kengen, Mumias and KenyaRe.

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