

# HISANET AFRICA INVESTMENT SERVICES

## WEEKLY MARKET REPORT

WEEK 9(25<sup>th</sup> to 29<sup>th</sup> February 2008)

Issue No. 8



### STOCK MARKET PERFORMANCE REPORT

The past week is definitely one to be remembered in Kenyan history with the political stalemate in the country finally being settled. The NSE reacted to the settlement with a three fold jump in daily turnover from Kshs287mn to Kshs800mn, with renewed confidence in the market pushing up almost all stock prices.

The new NSE-All share index (NASI), launched last week as a complimentary of the NSE-20 Share index, closed the week at 98.60 points. The new index has been designed to capture the overall behavior of the stock market and will incorporate all listed companies at the bourse. It will be calculated based on market capitalization, therefore reflecting the total value of all listed companies. The NSE-20 Share, regarded in the market as an indicator of general price movements, realized a turnaround over in review, as the steady slump in prices over the past few weeks stopped and an appreciation commenced as from Friday, 29<sup>th</sup> February. The index hit the 5000 points mark to close the week at 5072.41 points, up from the previous week's 4924.35 close. 56mn shares changed hands over the week in review with Equity turnover as at the close of the week at Kshs2.2bn, up from the previous week's 2.1bn. Market capitalization stood at Kshs830bn.

Out of the 45 active counters, 37 captured appreciations, 7 went down and 1 remained constant. KCB remained the largest mover of the week, trading 17mn shares and closing a few shillings higher at Kshs28. Kengen, Mumias, CMC and KenyaRe moved 7.4mn, 4.2mn, 3.3mn and 3.2mn shares respectively.

#### WEEK'S MOVERS

Top 5 Gainers	Stock Price Kshs	%Δ
Crown Berger	47.50	18.75%
Car & Gen	56.50	17.71%
Equity	157	6.80%
HFCK	44.50	6.59%
TPS Serena	66	6.45%

Top 5 Losers	Stock Price Kshs	%Δ
Eaagads	31.25	-26.47%
Williamson	82.50	-8.84%
A. Baumann	12.50	-3.85%
Kapchorua	87.50	-2.78%
E.A Portland	120	-2.44%



#### WEEKLY HIGHLIGHTS

#### KCB

The Bank posted impressive performance, posting a 21% increase in profits after tax from Kshs2.4bn to Kshs2.9bn. Net interest income went up 34% from Kshs6.3bn to Kshs8.5bn;

with customer deposits edging up by Kshs17bn to stand at Kshs94.4bn. The Bank has attributed the increase in customer deposits as the main driver to the increase in earnings.

The Bank has a balance sheet in excess of Kshs120bn and an asset growth of 30%, the Bank is geared for rapid expansion in the East African Region as it looks to develop new income streams from the region.

In the past week, KCB released a timetable for proposals to advisors that will set in motion a rights issue that is meant to increase the Banks lending capacity.

KCB remains one of the most liquid counters at the bourse.

#### Standard Chartered

The Bank, which is the second largest in the country in terms of customer deposits, also released its year end results over the week in review. The Bank posted Kshs3.46bn in after tax profits, a 36% increase from the amount recorded in a similar period over the previous year. Its operating income surged 21% to Kshs9.6bn as income from both consumer and wholesale banking business surpassed Kshs4.7bn each. Total non-performing loans stood at 5.1% compared to 7.1% in 2006, one of the lowest in the Banking Industry in Kenya.

Directors recommended payment of a final dividend payment of Kshs10 per ordinary share, up from Kshs8.05 paid in the previous period.

#### NIC

Its profits have hit the 1bn mark, recording a 55% increase during the financial year ending December last year. Pre-tax profits stood at Kshs1.05bn, while profits after tax increased from Kshs 458mn to Kshs745mn. Last year the Bank raised Kshs1.1bn through a rights issue, which was over subscribed by 49%.

The Bank's investment arm has grown significantly with the acquisition of 57% of local stock brokerage firm, Solid Investment Securities.

NIC's steep growth comes at a time when some of the major banks' growth curves are showing sings of flattening off in a time when competition in the Industry is said to be fiercest.

Among the Bank's plans for the coming year is an expansion of its branch network from the current 10.



#### OUTLOOK

We expect results to continue streaming in over the coming week and with the diffusion of tension in the country, prices for most of the counters are expected to rally higher.

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