

HISANET AFRICA INVESTMENT SERVICES

WEEKLY MARKET REPORT

WEEK 49(26th to 30th November 2007)

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STOCK MARKET PERFORMANCE REPORT

The week in review opened with the Kenyan shilling experiencing the strongest jolt it has experienced in 9 years. The strengthening of the shilling has mainly been attributed to weakening of the dollar and strengthening of local fundamentals such as foreign exchange earnings and a boost in the tourism sector. The drop in the dollar might affect a number of listed companies. Agricultural stocks listed on the stock exchange are bound to see a reduction in revenue as they rely heavily on exports. On the Commercial and Services sector, Kenya Airways in its recently released results announced a reduction in revenues to Kshs728mn with a big portion of its revenue denominated in dollars.

While exporters are feeling the effect of the declining dollar, importers on the other hand are enjoying bringing in their dollar denominated goods at much cheaper prices.

The recent buy out of Equity Bank by Helios Investments, coupled with the deal involving sale of Telkom Kenya to France Telkom and remittances from Kenyans abroad during the festive season have collectively led to an estimated \$1 billion entering the Kenyan market in the recent weeks. More remittances are expected to come in with Kenyans getting ready for the Safaricom IPO.

The market experienced subdued activity over the past week with the NSE20share index experiencing a very slight appreciation, up 36 points from the previous week's close, to close the week at 5234.54 points. Almost all key indicators pointed towards a general decline in market performance. The number of shares that changed hands declined by 20% to stand at 40m. Turnover for the week was 1.8m while market capitalization stood at 803.84bn. 19 of the active counters captured appreciations, 18 declined while 8 remained constant.

WEEK'S MOVERS

Top 5 Gainers	Stock Price Kshs	%Δ
Express	25.50	8.51%
Car&Gen	56	7.69%
NIC	184	7.60%
EAC	44	4.76%
Mumias	14.65	3.53%

Top 5 Losers	Stock Price Kshs	%Δ
Kenya Orchards	3.65	-27%
Williamson	122	-12.23%
CFC	120	-9.09%
Kapchorua	90	-8.16%
Equity	130	-4.41%



WEEKLY HIGHLIGHTS

KENOL

The company has prepared a Kshs151mn payment for its shareholders as a sweetener for them to agree to the acquisition of Kobil Petroleum Ltd. The two companies currently operate as separate entities with different share holding units but a joint management team. The acquisition deal is riding Kenol shareholders voting for it on December 19th. The interim dividend of Kshs1.50 is said to have been an appeaser for the minority share holders to approve of the deal.

Kenol argues that a larger company would give it more powers to negotiate with suppliers such as overseas oil producers and negotiate favorable borrowing terms from Banks.

CFC

The Bank, which is currently in a merger deal with Standard Bank of South Africa, released its quarterly results for the period ended 30th September. Profits after tax edged up by 47% to Kshs444m. In spite of the marginal improvement in performance, the counter captured a huge decline over the past week, down to Kshs120 from Kshs132.

The Bank went through major developments in 2006 with launch of retail and SME's initiative, launch of the credit card under the Master card franchise and launch of state of the art IT Banking applications.

Housing Finance

The Bank has also released its quarterly results in the past week which have reflected a slight decline in performance with recorded profits after tax standing at Kshs62.5m. The counter has captured a lot of attention at the bourse in recent weeks following approval of Equity's buy out of Housing Finance, a move which saw the counter appreciate marginally in the recent weeks to hit a high of Kshs39. The counter has however realized reduced activity over the past week as demand edged slightly lower.

Performance of the Bank is still not promising. Entry of Equity into the scene means good news for Housing Finance which will mean more capital for the Bank being injected into the mortgage market.



OUTLOOK

The coming week may have reduced activity with supply over riding demand which may result in prices for most counters edging lower.

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