

27-Oct-2009

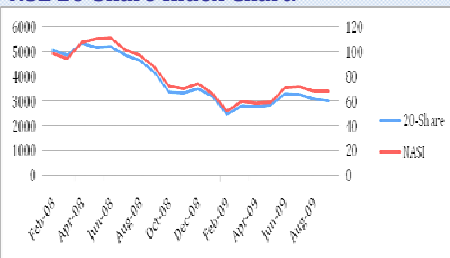
Research:

Leah
+254 20 3240128
research@dyerandblair.com

Trading:

Paul
+254 20 3240110
nyaga@dyerandblair.com
Jan
+254 20 3240152
jan.willebois@dyerandblair.com

NSE 20-Share Index Chart:



Daily Market Report

MARKET INDICATORS

EQUITY MARKET

| | | | |
|-----------------------|----------|---|--------------|
| NSE-20 Index: | 3,043.22 | ▼ | 14.01 points |
| NSE All Index: | 67.09 | ▼ | 0.16 points |
| Volume: (Mil) | 31.08 | ▲ | 232.80% |
| Turnover: (Kshs M) | 189.12 | ▲ | 148.35% |
| Turnover: (USD M) | 2.51 | ▲ | 148.35% |
| Market Cap: (Kshs Bn) | 777.15 | ▼ | 0.24% |
| Market Cap: (USD Bn) | 10.32 | ▼ | 0.24% |

MARKET GAINERS

| | Price | % Change |
|-------------|--------|----------|
| Total | 28.50 | 1.79% |
| Rea Vipingo | 12.00 | 1.69% |
| EABL | 142.00 | 1.43% |
| KenGen | 10.70 | 1.42% |
| Access | 20.25 | 1.25% |

MARKET LOSERS

| | Price | % Change |
|------------|-------|----------|
| CFC | 50.00 | -6.54% |
| Unga | 8.70 | -5.95% |
| Express | 9.00 | -5.26% |
| Pan Africa | 45.00 | -3.23% |
| ARM | 95.00 | -3.06% |

FIXED INCOME MARKET

| Treasury Instruments | Benchmark | Rate | Change |
|----------------------|-----------|--------|-------------|
| T-Bill Rates: | 91-Day | 7.264% | ▲ 00.16 bps |
| | 182-Day | 7.303% | - 00.00 bps |
| Bonds: | 2Yr | 10.00% | ▼ 00.19 bps |
| | 5Yr | 11.10% | ▲ 00.20bps |
| | 10Yr | 11.90% | - 00.00bps |
| | 15Yr | 13.15% | - 00.00 bps |
| | 20Yr | 14.00% | - 00.00 bps |

EXCHANGE RATES

| | Bid (Kshs) | Ask (Kshs) | Ave (Kshs) |
|--------|------------|------------|------------|
| USD | 75.2 | 75.4 | 75.3 |
| GBP | 122.8 | 123.1 | 123.0 |
| EURO | 112.0 | 112.3 | 112.2 |
| Rand | 9.9 | 10.0 | 10.0 |
| TZ Shs | 17.5 | 17.6 | 17.6 |
| UG Shs | 24.8 | 25.0 | 24.9 |

Repo rates

The Central Bank of Kenya was out of the repo market today.



Fixed income report

Daily Equity report

The market was characterized by low activity with the turnover closing at slightly over Kshs 188M. The largest contributor to today's turnover was Safaricom accounting for 55% of the total turnover followed by Equity Bank and EABL. Foreign participation was higher today as compared to yesterday. Local institutions have slowly started showing interest in the market.

BOC ready for stock market return

ARM to expand cement facilities in Kenya and Tanzania

Kenya Airways launches flight to Bangui

BONDS MARKET COMMENTARY

The bond market transacted 12 deals today with a turnover of Kshs 1.08Bn as compared to yesterday's turnover of Kshs 3.55Mn.

DEALERS REPORT

[Barclays](#) continued to lose ground today as it traded from a high of Kshs 46 dropping steadily to close at Kshs 43. The price drop and supply came after local sellers overwhelmed buyers. Most of the demand was left on board at Kshs 42.

[KenGen](#) edged slowly towards Kshs 11 as supply at lower levels was readily picked up. Closing price appreciated time on time by Kshs 0.25. By close of market, the lowest price for the day was Kshs 10.50.

[Safaricom](#) was the biggest mover for the day with its investors exchanging 27.1M shares. The counter appreciated yet again today to highs of Kshs 4 having opened at Kshs 3.85. Foreign buyers continued to push the counter higher for most of the day's trades. Towards the close of market, the security encountered supply at Kshs 3.95 but demand was still left at Kshs 3.90.

[Total](#) traded blocks at levels of Kshs 28.50-29.00 with a local institutional buyer showing interest in the counter. The counter has remained attractive to long-term players with respect to its dividend pay-out trend and Chevron, Caltex branded stations acquisition.

NEWS HIGHLIGHTS

BOC Kenya is set to resume trading at the Nairobi Stock Exchange (NSE) with clearance from the Capital Markets Authority being its main drawback. BOC Managing Director John Kariuki explained that the return of share certificates to Carbacid Investments Limited shareholders was underway and they hoped that the CMA registrar would clear it by the end of the week. BOC also plans to enter the carbon dioxide market, setting the stage for a bruising battle against rivals Carbacid Investment – the sole operator in the lucrative business.

Source: Capital FM Website

Athi River Mining (ARM) Limited has announced an investment of more than Kshs 12.5 billion for expansion of its cement making facilities in Kenya and Tanzania. The ambitious expansion program is scheduled to be completed by 2010 and is expected to significantly increase cement production capacity to meet growing demand in the region. The company's Managing Director Pradeep Paurana said that the company will double the capacity of its cement plant at Kaloleni in Mombasa to over 750,000 tonnes per annum through an upgrade of its existing facility and the building of a new grinding plant at Athi River. In addition, the company is taking a long term view in its strategy and anticipates a significant growth in demand of cement in the region with a total investment of Kshs 2.5 billion from the company. *So far, the group has* simultaneously commenced the construction of a 4500 tonnes per day cement plant at Dar-es-salam and Tanga in Tanzania at an estimated cost of Kshs 10 billion.

Source: KBC Website

Kenya Airways has launched direct flights to Bangui, the largest city in the Central African Republic. The airline will operate two weekly flights every Tuesday and Thursday to the Bangui M'Poko International Airport. The introduction of flights to Bangui brings to 46 the number of destinations that Kenya Airways flies to. According to the Kenya Airways Commercial Director, Mohan Chandra, travelers on this route are expected to benefit greatly from the superb connections that KQ's network provides to destinations across Africa, Far-East and Middle East. Kenya Airways applies the "fifth freedom" which allows it to carry revenue traffic between the foreign countries as a part of services connecting to JKIA. The freedoms of the air are a set of commercial aviation rights granting a country's airline the privilege to enter and land in another country's



EABL gets two new directors

airspace. The fifth freedom is between M'Poko International Airport in Bangui and the Douala International Airport in Cameroon.

Source: KBC Website

Shareholders of East African Breweries Ltd have approved two new non-Executive directors to join the EABL board. Both Constance Gakonyo and Dr. Alan Shonubi were appointed unanimously. Ms Gakonyo has held a variety of positions including Legal Consultant for the Performance Management portfolio for the Africa/Asia region for SABMiller; Strategic Resources Director of Nile Breweries based in Uganda among others. She is currently the Group Executive Director of REAL Insurance Co. Ltd (Kenya, Malawi and Tanzania). Dr. Shonubi holds a postgraduate diploma in legal practice from the Law Development Centre (LDC) and is a Commissioner of Oaths and Notary Public. In 1986 he was enrolled as an advocate of the High Court of Uganda and all subordinate courts. He was the founding partner of the firm of Shonubi, Musoke Advocates and has been named one of the leading lawyers in Uganda. He has worked with Uganda Co-operative Bank as Senior Legal Officer and Sun International Insurance.

Source: KBC Website

KPLC feted

Kenya Power and Lighting Company (KPLC) was among the big winners at this years Financial Reporting (FiRe) Awards. KPLC bagged the Best Corporate Governance Trophy and also emerged second runner-up in the Industrial, Commercial and Services Category. By scooping the corporate governance award, KPLC, a public listed company has confirmed its commitment to operating with accountability and transparency to deliver value to its shareholders and other stakeholders. Other winners were Standard Chartered Bank which won in the category of Social Responsibility and Care for the Environment, Fina Bank which was the Overall winner in Financial Reporting, and Barclays Bank was named Best Listed Company.

Source: The Daily Nation, (27/10/09, Advertising Feature page 1-5)