



STERLING INVESTMENT BANK

Members of the Nairobi Stock Exchange

WEEKLY MARKET REPORT NO.46

WEEKLY MARKET REPORT

WEEK ENDED FRIDAY NOVEMBER 13, 2009

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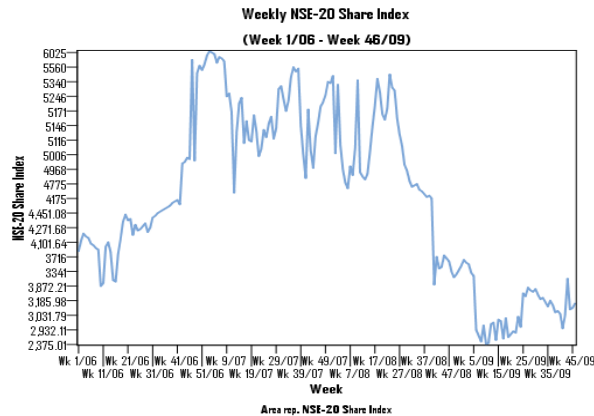
STERLING INVESTMENT BANK – EXPANDING INVESTMENT HORIZONS

1.0. Kenya Roundup

1.1 The Stock Market

NSE 20-Share Index

The week ended November 13, 2009 [week 46] saw the NSE 20-share index gain a total of 47.45 points (or 1.54 percent) to settle at 3,136.89 against the 3,089.44 recorded in the previous week. The index's marginal gain was as a result of a gain in price of some of the 20-share index's constituent companies among them; Centum, Sasini and KQ.



Source: NSE

NSE All Share Index (NASI)

The NSE All-share index gained a total of 0.31 points or 0.46% during the week, to settle at 68.43 against 68.12 points recorded last week, indicating a stable performance in overall stock market activity.

Equity Turnover

Turnover for the week increased by 9.75% compared to the previous week, from Kshs 974 million to Kshs 1,069 million. Please note, for the most part of the week, turnover figures remained consistently high, indicating improved prices and volumes.

Equity Turnover for the week in Kshs. Millions

Day	Last Week	This Week	% Δ
Monday	76	303	298.68%
Tuesday	186	354	90.32%
Wednesday	203	198	-2.46%
Thursday	200	214	7.00%
Friday	309	694	124.60%
Total	974	1,069	9.75%

Source: NSE Weekly Statistics

Key Market Indicators

In the week, the number of deals struck decreased by 0.31% from 6,518 to 6,498. The level of market capitalization increased to Kshs. 792.699 billion from the previously recorded figure of Kshs. 789.053 billion.

Key NSE Indicators

Indicator	Last Week	This Week	% Δ
NSE-20 Share Index	3,089.44	3,136.89	1.54%
NSE All Share Index (NASI)	68.12	68.43	0.46%
Number of Deals	6,518	6,498	-0.31%
Week's Volume shares traded	70,511,600	78,091,100	10.75%
Week's Equity Turnover (Ksh)	974,043,385	1,069,897,226	9.84%
Week's Bonds Volume (Ksh)	1,537,300,000	3,978,000,000	158.77%
Market Capitalization (Kshs Billion)	789.053	792.699	0.46%
Market Capitalization (US \$ Million)	10,521	10,569	0.46%

Source: NSE Weekly Statistics

Key Market Indicators Cont'd

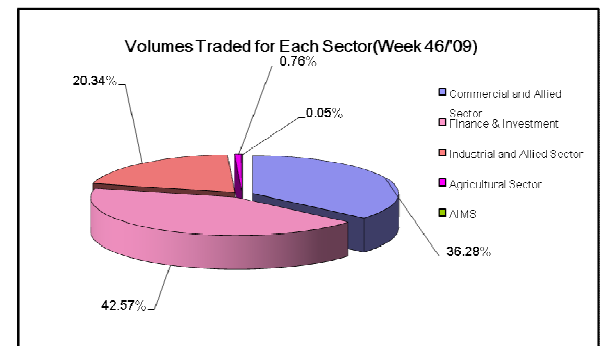
The number of shares traded increased to 78 million from the 70 million shares posted in the previous week, representing a 10.75% increase. In the secondary bonds market, activity increased, with bonds worth Kshs. 3,978 million changing hands, against Kshs. 1,537 million worth of bonds that had been transacted in the previous week.

Segmental Stock Market Performance

During the week ended November 13, 2009, in the Main Investment Market Segment (MIMS), the Finance & Investment sector led the rest of the market by moving 33 million shares, representing 42.57% of the week's total traded shares, with Equity Bank trading a total of 26.7 million shares. The Commercial & Allied sector which moved 28 million shares represented 36.28% of the total number of shares traded.

"Safaricom traded a total of 26.1 million shares at a price of 4.05."

The Industrial & Allied sector moved 15 million shares (or 20.34% of the total shares traded), while the Agricultural sector traded 0.59 million shares, representing 0.76% of the total number of shares that were traded during the week. In the Alternative Investment Market Segment (AIMS) a total of 0.03 million shares were moved, representing a 0.05% of the total number of shares traded during the week.



Source: NSE

Likely Market direction

Stock Market

In the coming week, we expect market to edge up on gains made during the week, with fluctuations being determined by short term share demand and supply. The 3rd quarter results that are now trickling in indicate fairly modest results. We see information contained in those results getting incorporated in share prices as we move along.

Bonds Market

Primary: During the month of October, the Central Bank of Kenya issued a 15-year Treasury Bond Issue no. FXD 1/2009/15 for a total amount Kshs 12 Billion. The total bids received amounted to Kshs. 10.6 Billion representing an 88.88% subscription. The number of bids received was 432 of which 403 bids were accepted. The total amount accepted was Kshs.8.7 Billion and the average yield to maturity was 13.709% compared to 13.530% in the previous auction.

A second infrastructure bond offer for the month of November dated November 30, 2009 which seeks to raise Kshs.18.5 billion is already out. The bond will be on sale from 12th - 24th November, 2009 and will be exempt from withholding tax.

Secondary: Activity in the secondary bonds market improved during the week by 158.77% compared to the previous week, on the strength of increased redemptions. Activity in this market is expected to improve as trading in the KenGen bond gains momentum.

"The 20-share index is expected to continue operating at about the 3000 points, with fluctuations remaining within a +/-300 points band for the rest of the year."

"The NASI also improved by 0.46%, an indication that market activity was up, relative to the previous week."

"Turnover, market capitalization, and volume of shares traded increased, while the number of deals struck decreased."

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Top Gainers

Centum, Sasini, Kapchorua, KQ and Jubilee Holdings were the top gainers during the week's trading sessions. Centum's Carbacid shareholding seems to have renewed investor demand for the Centum share. The price appreciation of the other top performers may have been as a result of demand and supply factors.

Top Gainer Shares

Stock	Price Past Week	Price this Week	% Δ
Centum	10.90	12.85	17.89%
Sasini Ltd	6.90	7.90	14.49%
Kapchorua	80.00	88.00	10.00%
KQ	24.75	27.00	9.09%
Jubilee	106.00	114.00	7.55%

Source: Derived from NSE daily reports

Main Losers

Carbacid, Mumias, KPLC, CFC Stanbic and BAT were among the top losers in the week. The price decline of these top losers may largely have been as a result of share demand and supply fluctuations.

Top Loser Shares

Stock	Price Past Week	Price this Week	% Δ
Carbacid	283.00	240.00	-15.19%
Mumias	6.80	6.45	-5.15%
K.Pow.& L.	142.00	136.00	-4.23%
CFC Stanbic	51.00	49.00	-3.92%
BAT	180.00	175.00	-2.78%

Source: Derived from NSE daily reports

1.2 The Week's news highlights

Co-op Bank profits up 10 percent

Co-operative Bank announced a 10 percent rise in pre-tax profits for the quarter ending September 30, 2009. The bank recorded Sh2.85 billion up from Sh2.59 in the corresponding period in 2008 on the back of investments in various growth strategies and net interest income.

Uchumi extends debenture issue dates

Uchumi Supermarkets announced that it had extended the closing date of its 10 percent convertible shareholders' debenture to the end of the month at the request of major shareholders. The supermarket is seeking to relist on the Nairobi Stock Exchange following its suspension in 2006 due to insolvency, after which the government came to its rescue with a 675 million shilling loan due to be repaid this month.

CBK launches a Second IFB

Kenya's Central Bank, as a fiscal agent for the Republic of Kenya invited bids for the Second Infrastructure Bond. The 12 - year fixed coupon issue dated November 30, 2009 seeks to raise Kshs.18.5 billion. The bond will be on sale from 12th - 24th November, 2009 and will be exempt from withholding tax, a statement from the bank said.

GDC to raise geothermal production

The recently set up Geothermal Development Corporation announced that it is planning to raise geothermal power contribution to the national grid from the current 167 megawatts to a cumulative 100 megawatts every year once the conventional power plants are constructed. This would help in the achievement of vision 2030's goal of having geothermal power generation at around 4000 megawatts out of the 10000 megawatts forecast.

Secondary Bond trading automated

The Nairobi Stock Exchange (NSE) had its first ever Public Infrastructure Bond by a corporate, KenGen, traded on a fully automated process. The Automated Trading System (ATS) of the NSE has been linked to the Central Depositories of the Central Bank of Kenya (CBK) and the Central Depository and Settlement Corporation (CDSC).

The Week's news highlights Cont'd

Appeal could delay projects

The development of Kipevu 3 could stall following an appeal by one of the five bidders to construct Kipevu 3 thermal power plant in Mombasa. Man Diesel, a German-based company lodged an appeal with the Public Procurement Advisory Board following the awarding of the tender to Wartsilla BV a Finnish Company.

DTB profits up 17 percent

DTBK announced that it had registered a 17 percent growth in PBT in Q309 on the back of a 47.60% growth in net interest income and a 34.02% growth in non-interest income. Below, we provide the major highlights of the results.

1.3 Other Local Markets

A. Bonds Market

Primary Market: During the October bonds auction, the Government issued a 15-year fixed coupon discounted Treasury bond at a coupon rate of 12.5 percent and received bids totalling Ksh 10.7 billion. The average interest rates on the 15-year Treasury bond increased by 17.9 basis points from 13.530 percent for a bond of a similar tenor issued in May 2009 to 13.709 percent during this week's auction.

A second infrastructure bond offer for the month of November dated November 30, 2009 which seeks to raise Kshs.18.5 billion is now out. The bond will be on sale from 12th - 24th November, 2009 and will be exempt from withholding tax. We expect keen interest from investors.

Secondary Market: In the week, the market recorded improved activity relative to the previous week. Bonds worth Kshs. 3,978 million were transacted, compared to Kshs. 1,537 million worth of bonds dealt in during the previous week.

Value of Bonds Transacted in Secondary Market (Kshs. Millions)

Day	Last Week	This Week	%Δ
Mon.	110	78	-29.09%
Tues.	412	1,750	324.76%
Wed.	452	359	-20.58%
Thurs.	343	758	120.99%
Friday	220	1,032	369.09%
Total	1,537	3,978	158.75%

Source: NSE

B. Money Market

182-days Treasury bills: During the auction, the government had offered for sale Treasury bills worth Ksh 6.5 billion and received bids totalling Ksh 8.6 billion of which Ksh 6.8 billion or 79.1 percent were in competitive bids. The government accepted Treasury bills bids amounting to Ksh 6.5 billion of which Ksh 4.2 billion or 64.6 percent were in competitive bids.

The average 182-day Treasury bills rate declined by 0.9 basis points from 8.070 percent in the previous auction to 8.061 percent during the week ended October 29, 2009.

The average interbank rate increased by 13 basis points in the week ending November 12, 2009 to 3.43 percent as compared with the previous week at 3.30 percent.

Inter-bank Deals and Interest Rates

Date	No. of Deals	Average Interest Rate
30-Oct-09	92	3.20
02-Nov-09	84	3.26
03-Nov-09	84	3.35
04-Nov-09	71	3.33
05-Nov-09	88	3.35
Oct 30, 09– Nov 05, 09	419	3.30
06-Nov-09	69	3.34
09-Nov-09	82	3.41
10-Nov-09	68	3.47
11-Nov-09	91	3.47
12-Nov-09	75	3.48
Nov 06, 09– Nov 12, 09	385	3.43

Source: CBK

“Co-op Bank intends to expand to South Sudan and Rwanda”

“For the first time ever in the East and Central African stock markets, bond trading is now a fully automated process”

B. Money Market Cont'd

Foreign Exchange Reserves:

Official usable foreign exchange reserves held by the Central Bank stood at US\$ 3,344 million as at November 13, 2009, compared with US dollar 2,752 million as at November 13, 2008.

Monetary Policy:

The market was fairly liquid during the week ending November 11, 2009 following increased Government payments. During the week, Central Bank stayed out of the market.

Foreign Exchange Market

The Kenya Shilling on average depicted mixed trends against the major international currencies during the week ending November 13, 2009.

"In October 2009, we are seeing the Kenya shilling averaging 75 to the USD"

Currency	Previous week	This week	%Δ
Kshs/\$	75.25	75.22	-0.04%
Kshs/£	123.29	123.97	0.55%
Kshs/100¥	82.41	83.24	1.01%
Kshs/€	111.84	111.78	-0.05%

Source: CBK Weekly bulletin

1.4 Recent Corporate Actions

Company	Action	Amount (Kshs.)	Ann. Date	Book Close	Payment/Upload Date
Safaricom	FFD	0.10	21/05/09	19/08/09	12/11/09
KQ	FFD	1.00	05/06/09	25/09/09	23/10/09
Kapchorua	FFD	2.50	24/06/09	05/08/09	STA
WTK	FFD	4.00	24/06/09	05/08/09	STA
Olympia	FD	0.10	03/08/09	21/08/09	23/10/09
BBK	ID	0.50	04/08/09	27/08/09	09/10/09
NIC	ID	0.25	13/08/09	16/09/09	02/10/09
EABL	ID	5.55	27/08/09	29/09/09	26/10/09
MSC	FD	0.40	06/11/09	--	--
Bamburi	ID	1.50	31/08/09	29/09/09	23/10/09
EAPCC	FFD	1.30	30/09/09	23/11/09	23/10/09
Cables	ID	0.50	13/10/09	12/11/09	26/11/09
KenGen	FD	0.50	16/10/09	23/11/09	01/02/10
City Trust	FD	1.00	28/10/09	07/12/09	22/01/10
KPLC	FD	6.00	28/10/09	26/11/09	25/01/10
SCBK	ID	2.50	02/11/09	01/12/09	STA
Carbacid	FD	5.00	22/10/09	19/11/09	10/12/09
Carbacid	SD	5.00	22/10/09	19/11/09	10/12/09
Carbacid	Bonus	2:1	22/10/09	STA	10/12/09
City Trust	FD	1.00	28/10/09	07/12/07	22/01/10

FD – Final Dividend FFD – First and Final Dividend ID – Interim Dividend SID – Second Interim Dividend SID – Special Interim Dividend. Source: NSE weekly statistics STA – Subject to Approval Ann. – Announcement Source: NSE

1.5 Stock Sales

Check next time for recommended sales.

"SCBK announced an Interim Dividend of Kshs 2.50 with the books closing on 1st December 2009"

1.6 Stock Picks

KPLC
Kenya Power and Lighting Company Limited (KPLC) is engaged in the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO). During the HY ended December 2008, the Company registered a 53% rise in PAT. Despite the on-going power rationing programme, we remain upbeat about the company's soon-to-be announced end-year results and future performance.

ARM
It is engaged in the manufacture and sale of cement, mining and processing of industrial minerals and chemicals, and trading in other building products. It is Kenya's 3rd largest cement company. The company's full-year results (Dec. 2008) indicate an EPS growth of 19%. Demand for the products is up, with the new cement clinker plant at Kaloleni installed in 2006 resulting in the company generating substantial revenues from cement business. It is in the process of building a new clinker plant in Tanzania, It appears to have potential for further growth.

BAT
Company is engaged in the manufacture and sale of cigarettes and tobacco. The Company manufactures cigarettes under contract, sells processed tobacco green leaf for its related companies. Its parent company is British American Tobacco plc. In the latest HY June 2009 financial results, the company registered a 9% rise in PAT. In future, we expect the company to continue to create value especially in the payment of dividends.

EABL
It deals in branded alcohol beverage business. The company has an annual turnover of over Kshs. 32 billion and commands the largest share of the formal beer market in the EA region. In the half-year ended December 2008, the company recorded a 5% rise in EPS. It is a financially stable company, has a relatively good dividend yield and pays dividends regularly. It is especially recommended for investors with a long term view of the market. End year results could be announced soon.

DTBK
DTBK is in the business of providing banking and other related services. The Bank's subsidiaries include Diamond Trust Bank Tanzania Limited, which operates in Tanzania, and Premier Savings and Finance Limited, which is dormant. It also conducts banking services in Tanzania and Uganda. Recently it announced a 17 growth in Q309 pre-tax earnings and has plans to expand to Burundi. Also it recently got a term loan from IFC. Future prospects appear promising.

TPSEA
TPS Eastern Africa Limited (TPSEA) operates hotels and lodges. The Company, along with its subsidiaries, is principally engaged in owning and operating hotel and lodge facilities in Kenya, Tanzania and Zanzibar serving the business and tourist markets. During the HY ended June 2009, the Company registered a 195% rise in PAT. Despite the on-going challenges to the tourism sector, the sector appears to be recovering. We remain optimistic about the company's end-year performance.

2.0 International Roundup

Americas

Brazil:

Lower oil prices contributed to a 1.48-billion-dollar cut in third-quarter profits for Petrobras, the Brazilian state-controlled Energy Company said. Petrobras saw July-September profits slide to 7.3 billion reais (4.2 billion dollars) from 9.8 billion reais (5.7 billion dollars) for the same period last year.

Euro-zone

France:

France's economy grew 0.3 percent in the third quarter of the year and is expected to gather speed in the fourth, France resisted the global slowdown better than many other major economies and escaped a year-long recession in the second quarter of this year, although unemployment has continued to rise with 5,500 jobs lost last quarter.

UK:

British Airways and Iberia of Spain reached preliminary agreement on a seven-billion-dollar merger to create one of Europe's biggest airlines, ending months of negotiations. The new airline would have 419 aircraft and fly to 205 destinations, after a merger aimed at better competing in the industry hit hard by the global recession, the pair said in a joint statement.

Middle East, Asia & Pacific

Japan:

Japan Airlines (JAL) announced a massive loss and sought assistance from its creditors as it waits to see whether it will secure another public bailout. The airline scrapped its forecasts for the rest of the year due to uncertainty surrounding its turnaround efforts, which are expected to involve thousands of job cuts and drastic route reductions.

Africa

Botswana:

Botswana's consumer inflation slowed slightly October as food and non-alcoholic beverages costs decreased, the Central Statistics Office said. The CSO said inflation slowed to 6.9 percent year-on-year in October compared with 7.0 percent in September. On a monthly basis CPI stood at 0.1 percent, from 0.3 percent in September. Botswana's central bank has forecast consumer inflation to stabilize inside its 3 to 6 percent target range in the medium term.

Nigeria:

Ghanaian inflation fell to 18.04 in October, its fourth consecutive monthly fall, the statistics office reported. The figure is a slight drop compared to September's 18.37 percent rate, and leaves inflation still well above the government's official year-end target of 14.5 percent.

South Africa:

South African power utility Eskom said on Friday it will submit a final tariff rise request to the power regulator by end-November, incorporating suggestions from the government and municipalities. Eskom submitted its original application in September, asking for tariffs to rise by 45 percent each year for the next three years or to be increased by 146 percent in one go.

Global Data Summary

Country	Indicator	Period	Value
Japan	GDP Y/Y	Q1 - 2009	-8.8%
	CPI	May - 2009	-1.1%
	Unemployment	May - 2009	5.2%
Euro zone	GDP Y/Y	Q1 - 2009	-4.8%
	CPI	May - 2009	0.0%
	Unemployment	May - 2009	9.5%
UK	GDP Y/Y	Q1 - 2009	-4.9%
	CPI	May - 2009	2.2%
	Unemployment	May - 2009	4.8%
Canada	GDP Y/Y	April-2009	-3.0%
	CPI	May - 2009	0.1%
	Unemployment	May - 2009	8.4%

Key World Exchange Rates

	Euro (\$/€)	Pound (\$/£)	Yen (¥/\$)	Swiss Franc
13/11/09	1.426	1.673	96.683	1.068
1 week ago	1.426	1.671	94.793	1.072
1 Year ago	1.532	1.944	107.915	1.047

Key World Interest Rates

	Canada	US	Japan	UK	Euro zone
3-Month LIBOR					
13/11/09	0.60	0.48	0.41	0.89	0.86
1 week ago	0.60	0.50	0.42	0.92	0.90
1 Year ago	3.34	2.79	0.90	5.78	4.96
2 - Year					
13/11/09	1.42	1.11	0.21	1.23	1.26
1 week ago	1.33	0.99	1.33	1.33	1.32
1 Year ago	2.94	2.51	0.79	4.80	4.26

Africa Statistics Roundup

Stock	Nov 6, 2009	Nov 13, 2009	% Δ
Ghana: GSE All Share	5,397.02	5,387.60	-0.17%
Egypt: EGX 30	6,551.65	6,703.04	2.31%
Kenya: NSE 20	3,089.44	3,136.89	1.54%
Nigeria: NSE All Share	21,517.29	21,349.18	-0.78%
S. Africa: JSE All Share	25,933.45	26,695.24	2.94%
Zimbabwe: ZSE Industrial	85,899,345.91	85,899,345.91	0.00%

Source: Sterling Investment Bank

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