



DAILY NEWSLETTER

Local Market Numbers

Basic NSE Performance Statistics

NSE-20 SHARE	Level	Δ [points]	%Δ
1 Day	3,136.89	5.41	0.17%
1 Week	3,082.36	59.94	1.94%
1 Month	3,031.00	111.30	3.67%
1 Year	3,609.99	-467.69	-12.96%
5-yr CAGR	3,928.79	-786.49	-4.37%

Average Key NSE Market Indicators

Indicator	13/11/2009	16/11/2009	%Δ
NASI	68.43	68.49	0.09%
Turnover Sh M	694,072,003	68,798,480	-90.09%
Shares Traded	34,687,800	6,284,000	-81.88%
Bonds Value	1,032,300,000	36,550,000	-96.46%
Mkt. Cap Sh Bn	792.699	793.312	0.08%

Stock Market Gainers

Counter	Price (Kshs)	%Δ
EVRD	2.60	+4.00%
KQ	28.00	+3.70%
CMC	10.50	+3.45%

Stock Market Losers

Counter	Price (Kshs)	%Δ
MASH	21.75	-9.37%
C&G	37.50	-6.25%
BOC	148.00	-4.52%

Stock Market Movers

Counter	Turnover	Price
SCOM	12.23 M	4.10
KCB	11.72 M	20.00
NMG	8.59 M	125.00

Foreign Sales – Nov 11 2009

Counter	16.11.09	13.11.09
WTK	617,700	--
C&G	251,250	--
MSC	107,650	--
OTHERS	92,400	230,511,750
TOTALS	1,069,000	230,511,750

Foreign Buys – Nov 11 2009

Counter	16.11.09	13.11.09
SCOM	7,639,560.00	2,460,000
ACCESS	2,276,750.00	1,379,775
ARM	980,000.00	--
OTHERS	1,906,235	321,774,890
TOTALS	12,802,545	325,614,665

Average Exchange Rates

Currency	13.11.09	16.11.09	%Δ
Kshs/USD	74.5042	74.6769	0.23%
Kshs/GBP	123.7338	124.8636	0.91%
Kshs/EUR	110.7924	111.7926	0.90%

Latest Reports/Updates

Kenya Airways - Company Research Update October 2009
 Carbacid - The windfall before listing October 2009
 Tea Sector Performance – November 2009
 Weekly Market Report & Statistics – Week 45, 2009
 The reports and updates are available at our website <http://www.sterlingstocks.com>

I. Sterling market News

HFCK Q3 profit grows

Mortgage company Housing Finance (HF) of Kenya posted a 56 percent growth in after-tax profit to Sh139m for the third quarter of 2009 from Sh89 in September 2008. The growth was attributed to product innovation, aggressive loan disbursements, lower cost of funds and lower non-performing loans portfolio.

Performance: Loans and advances increased by 33 percent to Sh13 billion while the interest income increased to Sh1.2 billion up from Sh932 million in a corresponding period last year. HF's Net Non Performing Loans (NNPL) portfolio dropped to Sh801 million from Sh892 million during a corresponding period last year.

Kenya's Mortgage Industry: In sectoral terms, Kenya's housing mortgage sector is dominated by HFCK and KCB's Savings & Loans. Housing Finance is the biggest mortgage provider in Kenya accounting for about 42 per cent of the local market share while S&L services close to 30 per cent of the market.

Other players: Other players in the sector that include EABS Bank, Barclays Bank, Standard Chartered Bank, CFC Stanbic Bank Kenya, Commercial Bank of Africa, I&M Bank and British American Insurance and the latest entrant - Co-operative Bank control about 28 percent of the market.

New products: Housing Finance in partnership with British American Insurance recently launched a pension backed mortgage solution known as Home Freedom a solution that enables mortgage applicants to use up to 60 per cent of their accumulated pension benefits as additional collateral for the mortgage loans. The firm has also diversified into Commercial Property financing including office space, retail shopping centers, industrial usage, hospitality and educational use to grow revenues.

Prospects: With Savings and Loan (S&L) set to wind up its stand-alone operations and join the parent company, Kenya Commercial Bank (KCB) by January next year, we opine that the new structure will most likely to open up funds from the parent company KCB and stiffen competition. Also the other competitors will be looking to improve their market share.

However, it is instructive that demand for housing has been on the up, with it being estimated that while a total of 150,000 housing units are required annually in the urban areas to cater for the backlog, only about 35,000 units are developed every year. HF expects demand to grow in the youth market; in urban areas and in the informal sector which employs 78 percent of the population, providing a captive market for its mortgage products going forward.

II. Stock Market View

On 16th November 2009, the NSE market traded 6.28M shares, 3.14 (50.01%) of which were Safaricom shares that were traded at an average of Kshs. 4.10 per share. The market's 20-share index settled at 3,142.30, up 5.41 points from the previous day's trading level. The index seems to be slowly gaining momentum, a development that is worth noting. The NSE All Share Index was up 0.06 points to settle 68.49. Foreign trades' turnover was lower and accounted for 20.16 percent of the total turnover traded at the Stock market. This may however not be indicative of their overall participation in the week as we have been seeing them account for up to 80pct of the total activity.

In the Bond market, Bonds worth Kshs 36M were traded compared to Kshs 1,032M traded in the previous day. On 16th November 2009 we expect the market to remain stable with marginal fluctuations.

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MAKING CRITICAL DECISIONS BASED ON RELEVANT INFORMATION

Monday November 16 2009

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