



DAILY NEWSLETTER

July 3 2009

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I. Local Market Numbers

Stock Market Gainers

COUNTER	PRICE (Kshs)	%Δ
WTK	67.50	+8.00%
CFC	66.50	+4.72%
NIC	41.00	+3.14%
MSC	6.80	+3.03%
SCOM	3.50	+2.94%

Stock Market Losers

COUNTER	PRICE (Kshs)	%Δ
EVEREADY	2.60	-3.70%
EABL	150.30	-2.40%
CABLES	24.20	-1.22%
NMG	140.40	-1.13%
KENGEN	14.70	-1.01%

Stock Market Movers

COUNTER	TURNOVER	PRICE
EABL	2.04M	145.00
EQUITY	4.31M	17.35
MSC	3.14M	6.80
SCOM	1.91M	3.35
ACCESS	1.81M	26.50

Average Exchange Rates

CURRENCY	02-07-09	03-07-09	%Δ
Kshs/USD	76.269	75.937	-0.44%
Kshs/GBP	125.282	124.701	-0.46%
Kshs/EUR	107.623	103.422	-3.90%
Kshs/Rand	9.762	9.664	-1.00%

I. Local Market News

Uchumi seeks Sh500m from shareholders

Uchumi Supermarkets will for the third time seek to raise an additional capital from its shareholders. The chain's Receiver Manager Jonathan Ciano said on Thursday that the management would meet with the shareholders on July 28 to ask for at least Sh500 million as extra capital injection. "Already I have Sh400 million that we raised during the last attempt through the debenture holders and the suppliers," Mr Ciano stated. Should this bid be unsuccessful, he said, then current debenture holders will be given another chance with the last option being that of taking a strategic partner on board. Mr Ciano was categorical that this would be the last attempt to get shareholders to participate in the revival of the supermarket chain.

The retailer has already repaid Sh1.3 billion of its debts. "The secured bank debts stood at Sh957 as at July 2006 and have gradually been reduced to Sh467 million by the end of June 2009. This includes an accrued interest of Sh269," Mr Ciano said. He added that while Sh700 million had so far been cleared on pre-receivership unsecured creditors and rent, there was need to boost shareholder funds through resolutions to be passed during this meeting. "The eroded shareholders funds over time before receivership funds must be treated to strategically boost performance through equity," Mr Ciano said.

Meanwhile the retail chain is forecasting a 25 percent increase in profit for 2009 compared to the same period last year. "If you recall we had the duties and taxes and packaging materials that was Sh120 million, we also had a crunch on the energy, the two items cost us not less than Sh80 million negative in the last financial period. Since these two have been brought into some sanity we expect from the year starting July 1, we will definitely do much better," he explained.

Wind energy to boost power generation

The Kenya Electricity Generating Company - KenGen has embarked on generating electricity using wind driven turbines. The Ngong Wind Turbine Power Project constructed at a cost of Euros 10 million (Kshs 1 Billion) is being funded through a loan from the Belgium government. On commissioning in two months time, the wind project will inject some 5 megawatts into the national electricity grid. The Ngong wind power project located on the North East side of Ngong hills, is the very first of other wind projects set for development in the country. KenGen is already computing data from Marsabit, Malindi, Lake Victoria region, Garissa and Loitokitok for the development of similar projects.

"We are confident that wind energy will not let us down the way hydro electricity power generation has been erratic owing to low water volumes as a result of the vagaries of weather," said Hezron Ng'ielia the project Engineer at the Ngong Wind Turbine Power Project on Ngong Hills. The electricity generating company says it has been running studies at the Ngong Station before embarking on the multimillion wind power project, and was optimistic that it will pay dividends. Kenya has an installed capacity of 1,204 megawatts of energy, against a national peak demand of 1,071 megawatts.

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MAKING CRITICAL DECISIONS BASED ON RELEVANT INFORMATION

Average Key Market Indicators

INDICATOR	01-06-09	02-07-09	%Δ
NSE-20 Share	3,299.69	3,357.66	1.76%
NASI	71.16	72.30	1.60%
Turnover Sh M	208,653,590	172,339,550	-17.40%
Shares Traded	18,571,600	13,061,400	-29.67%
Bonds Value Sh	305,600,000	1,943,600,000	535.99%
Mkt. Cap Sh Bn	824,213	837.303	-99.90%

Foreign Trades [as at 3rd July, 2009, 10.30am]

COUNTER	SALES	COUNTER	BUYS
EABL	20,292,300	EABL	15,000,000
KQ	6,062,500	KQ	6,062,500
MSC	1,496,000	SCOM	4,844,120
--	--	EQUITY	865,000
OTHERS	--	OTHERS	179,740
TOTAL	27,850,800	TOTAL	26,951,360

II. International Market Numbers

International Stock Markets

INDEX	LEVEL	Δ [POINTS]	%Δ
FTSE 100	4,234.27	-106.44	-2.45%
Dax	4,718.49	-186.95	-3.81%
Cac 40	3,116.41	-100.59	-3.13%
Dow Jones	8,280.74	-223.32	-2.63%
Nasdaq	1,796.52	-49.20	-2.67%

Commodities Futures

COMMODITY	UNITS	PRICE
Brent Crude Future	USD/barrel	67.080
WTI Crude Future	USD/barrel	67.140
Gold	USD/ounce	933.500
Aluminum	USD/pound	76.500
Copper	USD/pound	229.150

Sources: NSE, CBK, BBC, Bloomberg

Note: Except where stated, all the above figures are as at 3rd July 2009 at 10.30am.

Kenya 91-day Treasury bill rate rises to 7.178 pct

The yield on Kenya's 91-day Treasury bill rose to 7.178 percent at this week's auction from 7.057 percent at the previous sale, the Central Bank of Kenya said. The bank accepted 2.329 billion shillings (\$30.52 million) at the auction held on Thursday. The market put in bids worth 2.331 billion shillings although the government had sought 5.5 billion. The bill's 12-week moving average dropped to 7.357 percent this week from 7.395 percent previously. The central bank implemented a new auction programme on Thursday, in which 91- and 182-day bill auctions will be held separately on alternate weeks.

II. International Market News

US job losses worse than expected

The number of jobs lost in the US last month came in at 467,000, which was much more than had been expected. The jobless rate rose to 9.5% in June, from 9.4% in May, as the US economy continued to struggle. Since the start of the recession in December 2007, the number of jobless people has risen by 7.2 million, the Department of Labor said. The unemployment rate was slightly lower than had been expected, but was still the highest since August 1983. The number of people losing their jobs can be higher than expected at the same time as the jobless rate is lower than expected, because they are measured in different ways.

The former is a measure of how many people are working, while the latter shows the number of people looking for work. Not everybody who has lost a job will be looking for another one. President Barack Obama said he was "deeply concerned" about the high level of unemployment and said more needed to be done to create jobs. "We have successfully stabilized the financial markets," and "started to see some stabilization on housing," he told the Associated Press. The non-farm payrolls number would usually be released on a Friday, but has been announced a day early because US markets will be closed on Friday.

Zimbabwe economy shows early signs of recovery: IMF

Improved economic policies in Zimbabwe have led to a "nascent" recovery in the economy, the International Monetary Fund said on Thursday, but stressed the country must clear more than \$1.1 billion in arrears to creditors before it can qualify for IMF financial aid. Vitaliy Kramarenko, the IMF mission chief to Zimbabwe, noted the country's arrears to the IMF, World Bank and African Development Bank, adding that help from donors will be needed to pay the arrears.

IMF lending would signal an endorsement of Zimbabwe's policies and send a message of confidence to the international community, including investors and donors. "A more liberal economic environment, price stability, a deepening in financial intermediation, and increased access to foreign credit lines underpinned a pickup in economic activity," he said in a statement after talks with authorities in the capital, Harare.

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