

## Weekly Stock Recommendations

### Are you a high risk investor who would like to benefit from movement in share prices?

Our recommendations are directed by technical analysis and are suitable for investors who want to profit from market movements.

We apply technical analysis to evaluate the short term as well as the long term trends of the market and the exit and entry points for particular stocks. We use relative strength index (RSI) to evaluate if the stock is either overbought (an opportunity to sell) or oversold (an opportunity to buy).

### BUY OPPORTUNITIES

#### ➤ Barclays Bank of Kenya

The counter has been experiencing selling pressures but the positive market sentiments about the performance of the banking sector are expected to improve the counter's performance. The stock is currently trading at KES 10.50 and is over sold. Both the speculators and value investors can capitalize on the opportunity.



➤ **Cooperative Bank of Kenya Ltd**

Last week the bank released its Q1 FY19 results and recorded a positive growth of 4% in its net earnings to KES3.6Bn. The positive market sentiments about the stock and the banking sector are expected to Improve the performance of the counter. The stock is currently trading at KES 11.45 and is oversold. This provides an opportunity for both the speculators and the value investors.



**Are you a value investor who is patient enough to wait to realize your returns?**

In this category, our recommendations are driven by the fair value estimate and returns the investor is likely to get as a result of holding the stock. The return is likely to be in the form of capital gains or dividend returns. We consider the growth prospects of the company which informs the expected return an investor could receive from holding the counter.

**BUY OPPORTUNITIES**

- **Barclays Bank of Kenya Ltd:** We reiterate a BUY recommendation on Barclays Bank of Kenya with a target price of KES12.5 representing an upside of 17.37% from the closing price of KES10.65 last week. Our positivity is underpinned by the bank's strong performance in 2018, a successful first-year execution of its new strategy which will unlock value for its shareholder and the Absa brand which will enable Barclays to transform its business and provide services tailored to the Kenyan market
- **Cooperative Bank of Kenya Ltd:** We restate a BUY recommendation on Cooperative Bank of Kenya with a target price of KES 16.64 which is an upside of 33.12% from the closing price of 12.50 last week. The bank recorded 11.6% surge in Net profit to KES12.73Bn in FY18 from KES11.4Bn in FY17. We expect Earnings growth is to be driven by improved performance in non-interest income although the reversal of some the achievements it had made while implementing its transformation strategy brings a concern to us.

➤ **KCB Group Limited:** The stock remains a buy with a target price of KES 50.8 which represents a 25.43% upside from a closing of KES 40.5 last week. The bank recently acquired NBK which will help improve the cost efficiencies. The bank recorded a 22% rise in Net profit to KES24Bn in FY18 from KES19.7Bn in FY17. We expect an increase in both interest and non-interest income to drive the growth in Revenues.

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