

## 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

#### ➤ **Diamond Trust Bank**

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 112.25 and is over sold. Both the speculators and value investors can capitalize on the opportunity.



## SELL

### ➤ Uchumi Supermarkets plc.

The company has had poor performance and the delay in releasing of the FY18 results has further exacerbated poor performance of the counter. Currently the counter is overbought due to low prices and therefore speculators should sell the



### ➤ Sanlam Kenya plc.

The insurance sector has had negative sentiments and this has affected the counter. The counter is currently overbought and only the speculators should sell the stock.



### 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 20.77% from the closing price of KES10.35 last week. Our positivity is underpinned by the bank's strong performance in 2018, although the company registered flat results in Q1 FY19. We believe 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.

➤ **KCB Group Limited:** The stock remains a buy with a target price of KES 50.8 which represents a 28.12% upside from a closing of KES 39.65 last week. The bank recorded a strong performance in FY19 Q1 .The Profit after tax (PAT) was up 11.39% to 5.8Bn from 5.2Bn registered previously. This was attributed to 11.22% rise in the interest income to 13Bn from 11Bn and 9.19% increase in Non funded income to 6.1Bn from 6Bn . We believe the current strategies will spur the company to record positive results.

➤**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 34.20% from the closing price of 12.40 last week. The bank recorded a positive results in Q1 FY19 and registered 4.37% surge in the PAT to KES 3.6Bn.this was driven by 19% rise in the Non funded income and 34% dp in the loan loss provision.

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