MACRO ECONOMIC FLUCTUATIONS EFFECTS ON THE FINANCIAL PERFOMANCE OF LISTED MANUFACTURING FIRMS IN KENYA

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Abstract

There is a paucity of knowledge in the existing empirical literature regarding the effects of exchange rate, interest rate, inflation rate and GDP fluctuations on the performance of the manufacturing industry in Kenya. Previous studies on the effects of exchange rate, interest rate, inflation rate and GDP on the performance of a firm have concentrated on the banking industry and the entire stock exchange market. The nature and extent of the effects macro economic factors are unique from one industry to another. This seminar paper therefore seeks to determine the effects of the macroeconomic environment on the financial performance of firms listed in the manufacturing and allied market segment of the Nairobi stock exchange. The research will adopt an explanatory survey research approach and the targeted population would be the nine companies listed in the manufacturing and allied market segment. Secondary data would be obtained from the Nairobi Stock Exchange and the Kenya National Bureau of Statistics. The data collected will be analyzed with the use Microsoft Excel and SPSS version 20. This research would significantly add up to the existing body of empirical literature. The research would therefore be of great help to the corporate managers, shareholders, foreign investors, the government, researchers and academicians in general.

Key terms: Exchange rate, Interest rate, Inflation rate and GDP fluctuations

1.0 INTRODUCTION

The state of a country's economy affects the performance of its organizations. Whenever the economy is performing well the general expectation of most investors and shareholders is that companies would perform well and thus overall growth in wealth. The economic performance is judged by the stability in macroeconomic variables, such as its exchange rate, rate of inflation, consumer price index, Gross Domestic Product, stock market index and interest rates. It is the expectation of policy makers at both the macro and micro levels in an economy that these variables would remain stable and favorable to sustain business growth. Moreover, it is the wish of potential and existing investors that these macroeconomic elements remain favorable so as not to threaten the returns of their securities.

The growth rate of the global economy has been fluctuating overtime. The global economic growth slowed down from 5.00 per cent in the year 2010 to 3.8 per cent in the year 2011. This can be attributed to several factors. First, the increase in the oil prices in the international market that led to an increase in the overall cost of production especially in industries that rely on oil products. Secondly, there was a general slowdown in growth of the world emerging economies such as china due to the increased cost of production. Finally, this decline has been attributed to the euro debt crisis and implementation of austerity measures in many leading industrial economies.(KNBS,2011)

Darfor & Agyapong (2010) considered the effects of macroeconomic variables on Ghana Commercial Bank's stock prices. The results of the research indicated that the Ghana Stock Exchange All-share index influenced the level of stock prices of Ghana Commercial Banks (GCB). Both the stock prices of

Standard Chartered Bank and Social Security Bank also influenced GCB stock prices positively. However, Inflation and exchange rates did not influence the stock prices of GCB significantly.

The growth rate of the Kenyan economy in the year 2008 declined to 1.5 per cent from the high growth of 7.0 percent achieved in the year 2007. The economy grew to 2.7 per cent in the year 2009 and a further growth of 5.8 per cent in the year 2010. However this growth declined to 4.4 percent in the year 2011 and was expected to remain stable at 4.5 per cent in the year 2012. This increases and decline in the GDP have been attributed to both positive and negative occurrence in the economy. The positive factors include: increase in credit by the private sector, higher public investment in roads and the higher inflows of remittances from the diaspora. However, there has been negative aspect that have led to the decline of the economy including: the post election violence of the year 2008 and the charged political environment as the country heads for the 2013 election, high interest rates which constraints credit to the productive sector as result of loan default, escalating oil prices, increased inflation rate and the weakening of the Kenyan shilling that has to the widening of the current account deficit.(KNBS,2012)

Consumer Price Index (CPI) increased by 0.69 per cent from 133.33 points in November 2012 to 134.25 points in December 2012. The overall rate of inflation declined to 3.20 per cent from 3.25 per cent in the same period. The Kenyan Shilling depreciated against worlds' major currencies; the US dollar, the Sterling Pound, the Euro, the South African rand, the Ugandan and Tanzanian shilling to exchange at an average of KSh 86.0286, 139.019, 113.558, 10.1399, 31.3575 and 18.4242 respectively, as at the end of December 2012. However, the shilling appreciated against the Japanese Yen to trade at 99.9027. The average yield rate for the 91-day Treasury bills, which is a benchmark for the general trend of interest rates, decreased from 9.80 per cent in November 2012 to 8.25 in December 2012. The inter-bank rates declined from 7.02 per cent to 5.89 during the same period.(KNBS, 2012)

The role played by the manufacturing industry in towards economic growth in Kenya cannot be under estimated. The manufacturing industry in Kenya consists of food and beverage industry, paper manufacturing, plastic manufacturing, metal and allied industry. According to the Kenya association of Manufacturers, the manufacturing industry in Kenya contributes an average of 18 per cent of the GDP and employs more than 2.3 million people both in the formal and informal sector despite the critical role played by this industry; the industry has been faced with several challenges. These challenges include: high cost of production, production of counterfeits, reduced consumer effective demand due to increased cost of living, inadequate government support for local production and inadequate negotiation skills in regional trade agreements.

The growth in manufacturing industry declined from 3.3 per cent in 2011 as compared to 4.4 per cent in the year 2010(KNBS, 2012). This was attributed to an increase in the price of the primary inputs and fuel costs, depreciation of the Kenya shilling which increased costs of imported intermediate imports and the unfavorable weather conditions that led to reduced available raw material for the agro chemical industries. The above background indicates that macro economic variables such as the rate of inflation, exchange rate and the cost of acquiring capital in the form of interest rates would influence the performance of the manufacturing industry. This research seeks to find out the extent of the impact of this macro economic factors on the financial performance of firms operating in the manufacturing industry.

1.1 Statement of the problem

Several studies across the globe indicate significant relationships exist between exchange rate, interest rate, inflation rate, GDP fluctuation and the financial performance of a firm. Most of these studies indicate that the macro-economic factors affecting performance of a firm include goods price, money supply, real activity, exchange rates, interest rates, political risks, oil prices, the trade sector, budget deficits, trade deficits, domestic consumption, unemployment rate, imports and regional stock

market indices and real wage (Menike, 2006). The Kenyan economy been characterized with fluctuations macro economic indicators such as interest rates, inflation rates and the exchange rate (Appendix II). This has been the main focus of professional investors and investment advisers in the last decade. While, there are myriads of studies on the effects of such fluctuation in the performance of firms in other sectors especially the banking industry. There is paucity of studies on the effects of these factors in the manufacturing industry. The neglect of this sector is particularly surprising since it is one of the key sectors indentified in the achievement of the vision 2030 in Kenya.

Olweny and omondi(2011) sought to find out the impact of macroeconomic factors on the performance of the stock market. The results showed evidence that Foreign exchange rate, Interest rate and Inflation rate have a significant effect stock return volatility. This research assumes that macro economic factors would affect all the listed companies in the same way. It should however be noted that, while macro economic factors affect all industries, the nature and extent of such effects differs from one industry to another. In their research, Ongore and Kusa (2013) found out bank specific factors affect the performance of commercial banks in Kenya. The effect of exchange rate, interest rate, inflation rate and GDP fluctuation variables was however inconclusive and thus requires further research.

According to the Kenya Association of Manufacturers the challenges facing the industry in Kenya include: high cost of production, production of counterfeits, reduced consumer effective demand due to increased cost of living, inadequate government support for local production and inadequate negotiation skills in regional trade agreements. The effect of fluctuation of the macro economic factors on the financial performance of this industry is however not adequately documented. This therefore indicates that there exists an empirical gap on the nature and extent of the effect of the macro economic factors on the financial performance of firms in this sector. This research therefore seeks to find out the effect of such fluctuations on the financial performance of the firms operating in the manufacturing industry. Filling these empirical gaps will be an invaluable addition to existing empirical evidence on this subject matter. This research will therefore be an exigent scholarship effort at contributing to, and complementing other scholarly efforts in providing an empirical foundation for designing an appropriate model that would show the relationship between the macroeconomic environment and the financial performance of firms in the manufacturing industry.

1.2 Objective of the study

1.2.1 General Objective

The general objective of the study will be to establish the effect of exchange rate, interest rate, inflation rate and GDP fluctuation on financial performance of manufacturing firms listed at the Nairobi Stock Exchange.

1.2.2 Specific Objectives.

The specific objectives of the study will be;

1. To establish effects of foreign exchange rate fluctuations on the financial performance of listed manufacturing firms in Kenya

2. To establish effects of interest rate fluctuation on the financial performance of listed manufacturing firms in Kenya

3. To establish effects of inflation rate fluctuation on the financial performance of listed manufacturing firms in Kenya

4. To establish effects of GDP fluctuation on the financial performance of listed manufacturing firms in Kenya.

1.3 Research Hypothesis

$H0_1$: Foreign exchange rate volatility has no significant effect on financial performance of manufacturing firms in Kenya.

$H0_2$: Interest rate volatility has no significant effect on financial performance of listed manufacturing firms in Kenya.

$H0_3$: Inflation rate volatility has no significant effect on financial performance of listed manufacturing firms in Kenya.

$H0_4$: GDP volatility has no significant effect on financial performance of listed manufacturing firms in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical literature.

2.1.1 Exchange rate

Before 1972 all countries of the world were operating a fixed exchange rate regime where each countries currency had affixed exchange rate relative to the USA dollar. However, since the introduction of the flexible exchange rate regime in 1972, exchange rate fluctuations have been a big concern for investors, analyst, managers and shareholders. Using the flexible exchange rate system the price of currencies are determined by supply and demand of the currency in the forex market. Given the frequent changes of supply and demand influenced by numerous external and internal factors, this new system is responsible for currency fluctuations (Abor, 2005). These fluctuations expose companies to foreign exchange risk. Moreover, economies are getting more and more open with international trading and as a result companies become more exposed to foreign exchange rate fluctuations. Generally, companies are exposed to three types of foreign exchange risk: translation exposure, transaction exposure and economic exposure (Eiteman et al., 2006).

2.1.2 Interest rate.

The liquidity theory looks at the interest rate as the token paid for abstinence and inconveniences experienced for having to part with an asset whose liquidity is very high. It is a price that equilibrates the desire to hold wealth in the form of cash with the available quantity of cash, and not a reward of savings. Interest rate is a function of income. Its primary role is to help mobilize financial resources and ensure the efficient utilization of resources in the promotion of economic growth and development (Ngugi,2001),he further argues that interest is the rent

paid for money. The interest rate measures the rate of return expected by the lenders. It should thus reflect all the information regarding future changes in the purchasing power and the risk undertaken.

According to Cowley (2007) interest rate is the price the borrower pays for the use of money borrowed firm the lender or financial institution. It is the fee paid for the use of borrowed assets. Interest rate risk is the exposure of the firm's financial position due to fluctuations in interest rates. Excessive interest rate fluctuation can pose significant threats to a firm's earnings and capital base changes and increase its operating expenses. Changes of interest rates may also affect the underlying value of assets, liabilities and present value of future cash flows.

2.1.3 Inflation rate.

The inflation rate refers to the change in the general level of prices in the economy over a given period of time. The change in the inflation rate would have a significant effect in the purchasing power of money and the cost of production in the manufacturing sector. The effects of inflation are viewed in two perspectives': effect on the aggregate demand and effect on the cost of production. During period of high inflation consumers with fixed income have a low purchasing power due to the reduced value of money hence reduced demand for products. Equally inflation increases the cost production hence reducing profitability.

The nominal interest rate in the economy consists of the real interest rate and the inflation rate. The nominal interest rate will therefore adjust with the changes in the inflation rate. This is the theory of the Fisher effect. Pandey (2009) argues that if capital markets were perfect the investments of equal risk should offer equal return in different countries. This is due to the process arbitrage that will see movement of funds from one country to another continuously until equilibrium is achieved. If the real rates of return are the same in two countries, then, as per the fisher effect, the nominal rates of interest would adjust exactly for the change in the inflation rates. Vong and Chan (2009) argue that available empirical evidence on the relationship between inflation and

profitability is inconclusive and hence requires further research.

2.1.4 Gross Domestic Product (GDP)

Most economies of the world experience cyclic fluctuations characterized by periods of a boom and periods of a recession. According to Athanosoglou et al (2005) during periods of a boom the demand for credit is high as compared to during periods when the economy is experiencing a recession. Ongore and Kusa(2013) argue that during periods of declining GDP growth the demand for credit falls which in turn negatively affects the profitability of a bank. On the other hand a growing economy as expressed by a positive and increasing GDP would lead to an increase in the demand for credit hence leading to growth in profitability.

2.2 Empirical literature review.

A vast amount of studies indicate significant relationships exist between exchange rate, interest rate, inflation rate and GDP fluctuation variables and the financial performance of a firm in terms of its profitability and security returns. Further, multi-factor models have been developed as an explanation for the variation in security returns and the extant literature suggests that a wide range of factors explain security returns (Chen et al. 2005). Such variables include goods price, money supply, real activity, exchange rates, interest rates, political risks, oil prices, the trade sector, budget deficits, trade deficits, domestic consumption, unemployment rate, imports and regional stock market indices and real wage (Menike, 2006) Empirical results regarding the inflationary effect and official exchange rate depreciation in cross-country studies and individual country studies are also conflicting (Rutasitara, 2004).

Menike(2006) investigated the effects of exchange rate, interest rate, rate and GDP fluctuation variables on stock prices in emerging Sri Lankan stock market using monthly data for the period from September 1991 to December 2002. The results indicated that most of the companies reported a higher R^2 which justifies higher explanatory power of exchange rate, interest rate, inflation rate and GDP fluctuation variables in explaining stock prices. Consistent with similar results of the developed as well as emerging market studies, inflation rate and exchange rate react mainly negatively to stock prices in the Colombo Stock Exchange (CSE). The negative effect of Treasury bill rate implied that whenever the interest rate on Treasury securities rise, investors tend to switch out of stocks causing stock prices to fall. However, lagged money supply variables appeared to have a strong prediction of movements of stock prices while stocks did not provide effective hedge against inflation especially in Manufacturing, Trading and Diversified sectors in the CSE.

Vaz,Arrives and Brooks(2006)in their study examined the effect of publicly announced changes in official interest rates on the stock returns of the major banks in Australia during the period from 1990 to 2005. The results indicated that Australian bank stock returns were not negatively impacted by the announcement of increases in official interest rates. Furthermore, banks apparently experienced net-positive abnormal returns when cash rates are increased, which is consistent with dividend valuation theory that suggests if income effects dominate, then stock returns need not be negatively impacted.

Olweny and omondi(2011) sought to find out the impact of macto economic factors on the performance of the stock market. The results showed evidence that Foreign exchange rate, Interest rate and Inflation rate, affect stock return volatility. On foreign exchange rate, magnitude of volatility as measured by beta was relatively low at 0.209138 and significant since the probability is almost zero, 0.3191. This implies that the impact of foreign exchange on stock returns is relatively low though significant. Volatility persistence as measured by alpha was found low at -0.251925 and significant. This implies the effect of shocks takes a short time to die out following a crisis irrespective of what happens to the market. There was evidence of leverage effect as measured by λ, 0.6720. This means that volatility rise more following a large price fall than following a price rise of the same magnitude.

From the above studies, their exist an empirical gap on the effects of macro economic variables on the performance of manufacturing firms in Kenya. The studies conducted in other countries may not be applicable in Kenya due to the different economic environment. Equally, effects of exchange rate, interest rate, inflation rate and GDP fluctuation factors are unique to each industry. While macro economic factors affect all industries in the economy, the nature and extent of such effects differs from one industry to another. Therefore the findings obtained from a research targeting the banking industry cannot be generalized to apply to the manufacturing industry. This research will therefore seek to find out the effects of macro economic variables targeting the manufacturing industry in Kenya.

According to Menike (2006) Research indicates that several macro economic factors would affect performance of a firm. Hence there is a need to narrow the list of possible factors considering their relevance to emerging stock markets. In the light of the above considerations and balancing the theoretical propositions and prior evidence, four exchange rate, interest rate, inflation rate and GDP fluctuation variables will be selected. These variables are exchange rate, inflation rate, and interest rate and money supply. In a number of emerging market studies the above exchange rate, interest rate, inflation rate and GDP fluctuation variables have been used to explain the variation in equity returns. The measurements for each of the variables is indicated in Appendix III

2.3 Conceptual framework

Independent Variables.   **Dependent Variable.**
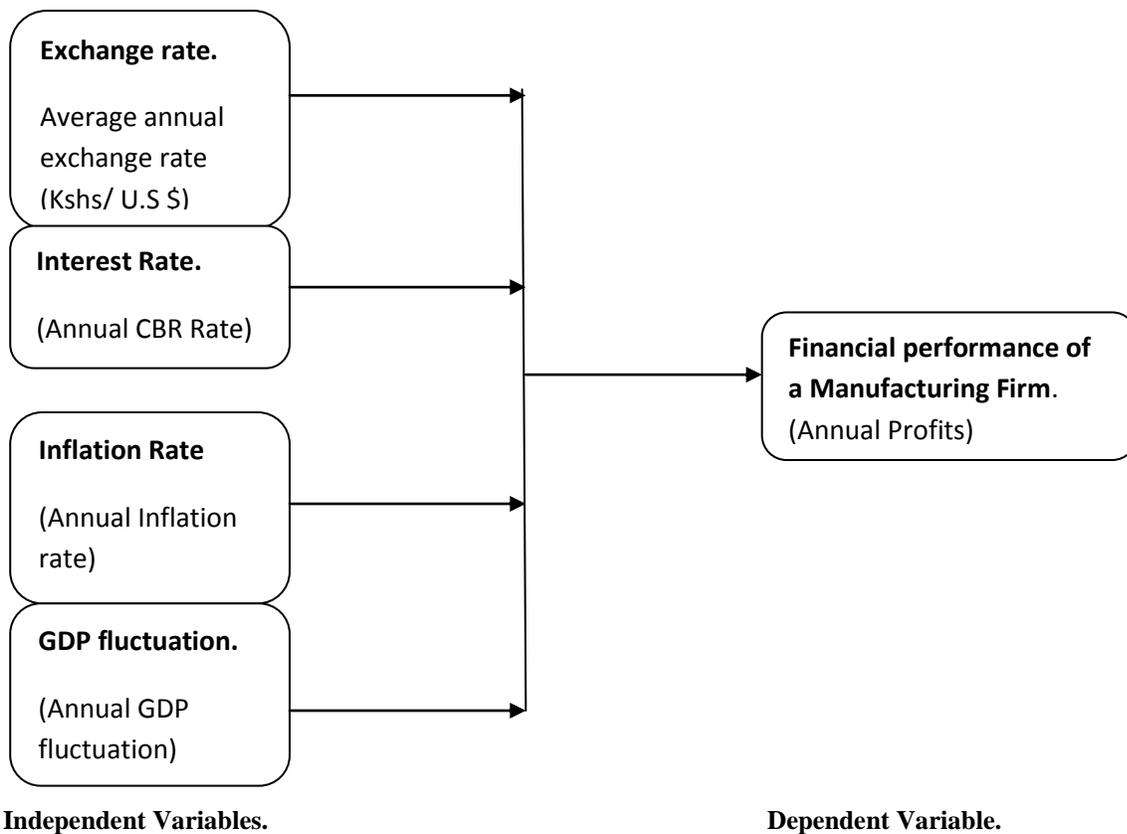
Source: Researcher (2013)

OPERATIONALIZATION OF VARIABLES.

	VARIABLE	INDICATOR	MEASURE
Dependent Variable	Financial Performance	Profitability	Annual profits
		Stock Market performance	Average Market Price per Share
Independent Variables	Exchange Rate	Annual exchange rate fluctuation (Kshs/$)	Average annual exchange rate (Kshs/$)
	Inflation rate	Annual inflation rate fluctuation.	Inflation Rate
			Consumer Price Index(CPI)
	Interest rate	Annual interest rate fluctuation.	Central Bank rate(CBR).
	Gross Domestic product(GDP)	GDP Growth Rate	Annual GDP rate

3.0 RESEARCH METHODOLOGY

Research Design

The study will undertake explanatory survey research approach in the quest to determine the effect of macro- economic factors that on the financial performance of listed manufacturing Firms at the Nairobi Stock Exchange market. According to Olweny and Omondi (2011) Explanatory survey research provides robust study and deep search into the macro-economic factors to achieve the objectives.

Target Population.

The target population will consist of all the firms listed at NSE manufacturing and allied market segment as at 31st December 2012.A total of 62 firms were listed at the NSE as at 31st December 2012 while 9 firms are listed under the Manufacturing and allied Market segment.

Data Collection

The secondary data will be collected from the Kenya National Bureau of Statistics (KNBS) offices and the Nairobi Stock Exchange. This study will use a monthly time series data on the average market prices of the listed manufacturing firms from NSE for ten years (January 2003 to December 2012) and annual reports on economic performance by the KNBS. This is aimed at achieving comprehensive coverage as a decade will give much accurate results (Olweny and Omondi, 2011)

Data Analysis

Quantitative data analysis techniques will be used to analyze the data. Data obtained from the research instruments will be analyzed using Statistical Package for Social Science (SPSS) version 20. The arbitrage Pricing Theory (APT) involves identifying the macro-variables which influence stock returns. The key independent variables identified for the study would be: the exchange rate, Inflation rate, Interest rate and GDP while the dependent variable would be financial performance. Using the arbitrage pricing theory , the model for the study was formulated as:

$$ERm = \beta_0 + \beta_1 Exr + \beta_2 Int + \beta_3 Inf + \beta_4 GDP + e_t$$

Where: ERm: Expected return of a firm in the manufacturing industry.

Exr: Exchange rate.

Int: Interest rate.

Inf: Inflation rate

GDP: Gross domestic product.

4.0 DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS.

A multivariate regression model was applied to determine the relationship and significance of each of the four factors with respect to the profitability of the sector. The coefficients for the regression model are provided below:

Dependent Variable: PRFT
Method: Least Squares
Date: 12/11/13   Time: 12:59
Sample: 2003 2012
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
INT	-78.11737	38.14034	-2.048156	0.0459
INF	10.74408	3.647455	2.945639	0.0320
GDP	-9.480101	4.298397	-2.205497	0.0785
XRT	-119.2470	36.49101	-3.267848	0.0223
C	22.50754	5.533510	4.067498	0.0097
R-squared	0.833706	Mean dependent var		20.87240
Adjusted R-squared	0.700671	S.D. dependent var		26.47675
S.E. of regression	14.48569	Akaike info criterion		8.491052
Sum squared resid	1049.176	Schwarz criterion		8.642345
Log likelihood	-37.45526	F-statistic		6.266807
Durbin-Watson stat	1.999236	Prob(F-statistic)		0.034781

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	3.922887	Probability	0.014546
Obs*R-squared	7.233946	Probability	0.026864

White Heteroskedasticity Test:

F-statistic	0.123229	Probability	0.978477
Obs*R-squared	4.964320	Probability	0.761383

The prob statistic for the overall model for this sector is 0.034781< 0.05 thus the overall model is significant and 95% confidence level. The R^2 is 0.833706. This implies that 83% of the change in profitability in this sector can be explained by the model while 17% of the changes in profitability is due to factors outside the model. All the independent variables except the GDP have a p- value < 0.05 thus have a significant effect on changes of profitability

4.2.1 Diagnostic Tests
4.2.1.1 Test For Autocorrelation

The f statistic of the Breusch- Godfrey serial correlation test has p – value of 0.0145476< 0.05 thus no evidence of serial correlation

4.2.1.2 Test for heteroskedasticity

The f- statistic has a p value of 0.578477 that is considerably in excess of 0.05 thus no evidence of heteroskedasticity

4.2.1.3 Normality Test

The coefficient of Jarque Bera normality test has a P-value of 0.4717 hence insignificant and thus a normal distribution.

MODEL 2

Profit=22.51-78.12 int+10.74inf-9.4gdp-119.25xrt+e
This implies that 1% increase in interest rates leads to 78% decrease in profitability in the sector 1% growth in the inflation rate leads to a 10% growth in profitability in this sector. While a 1% increase in the exchange rate leads to 11.9 decrease in the profitability of this sectors however changes in the GDP have insignificant effects in this sector.

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Summary Of Findings.

The research sought to find out the effects of macroeconomic factors on the financial performance of the various sector with companies listed at the Nairobi Stock Exchange Market. The effect of four macro- economic factors: Interest rates, inflation, GDP and exchange rate fluctuations were considered on the Manufacturing sector.

The findings of the research indicate that there is evidence that foreign exchange, interest rate and inflation rate have significant effects on the performance of the firms in the construction and manufacturing sectors. This findings are similar to the findings made by Olweny and Omondi(2011) on the impact of Macroeconomic factors on the performance of the stock market. The effect of macroeconomic factors on the performance of the agricultural sector was however insignificant at 95% confidence level the effects of macroeconomic factors was inconclusive and thus requires further research. These findings are similar to those made by Ongore and Kusa(2013) on the factors affecting the performance of commercial banks in Kenya. In their findings the effects of macroeconomic factors on the performance of commercial banks was insignificant.

5.2 Recommendations

The study recommends that the government should come up with strategies and policies to protect the construction, manufacturing and agricultural sectors due to their immense contribution to the economy of the country. Through agencies such as the central bank the government should formulate policies that are aimed at controlling the effects of rapid fluctuations of the macro economic factors and their effects on the various sectors.

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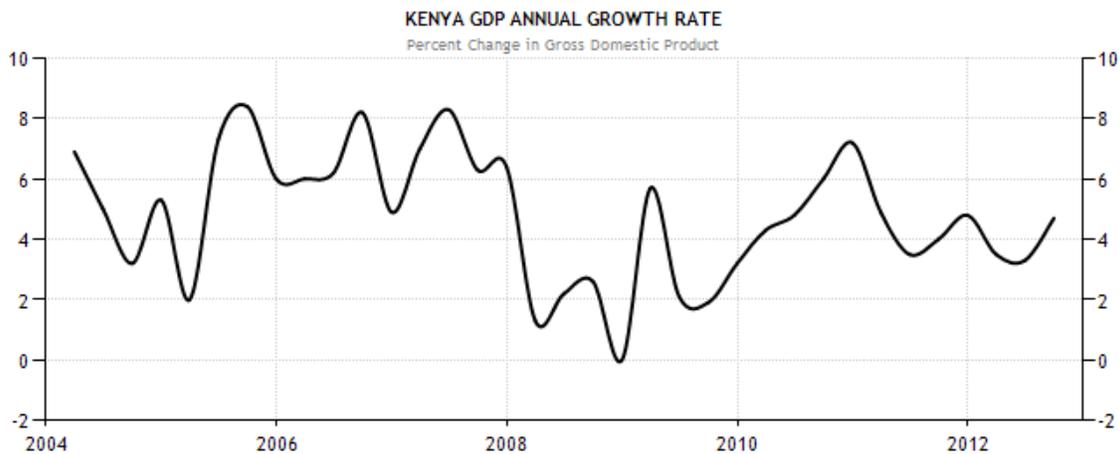23. Karnani, A. (2006). Mirage at the Bottom of the Pyramid: How the Private Sector can Help
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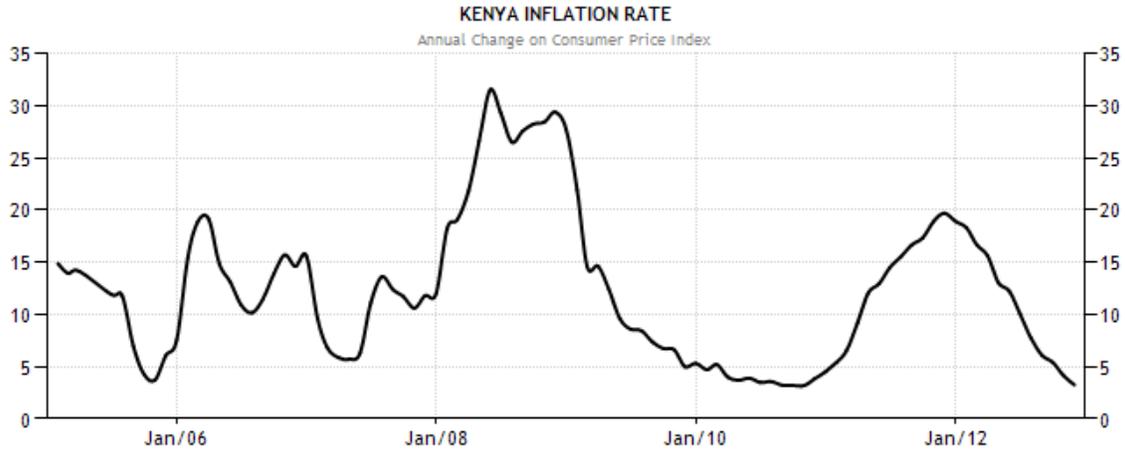42. Smith, L. Douglas, and J. J. Anderson (1996): "Inflation accounting and comparisons of

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APPENDIX II: TRENDS IN FLACTUATION OF MACRO ECONOMIC FACTORS

KENYA GDP ANNUAL GROWTH RATE
Percent Change in Gross Domestic Product

SOURCE: WWW.TRADINGECONOMICS.COM | KENYA NATIONAL BUREAU OF STATISTICS

KENYA INFLATION RATE
Annual Change on Consumer Price Index

SOURCE: WWW.TRADINGECONOMICS.COM | KENYA NATIONAL BUREAU OF STATISTICS

KENYA INTEREST RATE
Benchmark Interest Rate

SOURCE: WWW.TRADINGECONOMICS.COM | THE CENTRAL BANK OF KENYA

APPENDIX III: LISTED COMPANIES

CONSTRUCTION AND ALLIED SECTOR
Athi River Mining
Bamburi Cement Ltd
Crown Berger Ltd
E.A.Cables Ltd
E.A.Portland Cement Ltd

ENERGY AND PETROLEUM SECTOR
KenolKobil Ltd
Total Kenya Ltd
KenGen Ltd
Kenya Power & Lighting Co Ltd

AGRICULTURAL SECTOR
Eaagads Ltd
Kapchorua Tea Co. Ltd
Kakuzi Ltd
Limuru Tea Co. Ltd
Rea Vipingo Plantations Ltd
Sasini Ltd
Williamson Tea Kenya Ltd

COMMERCIAL AND SERVICES SECTOR
Express Ltd
Kenya Airways Ltd
Nation Media Group Ltd
Standard Group Ltd
TPS Eastern Africa (Serena) Ltd
Scangroup Ltd
Uchumi Supermarket Ltd
Hutchings Biemer Ltd
Longhorn Kenya Ltd

TELECOMMUNICATION AND TECHNOLOGY SECTOR
AccessKenya Group Ltd
Safaricom Ltd

AUTOMOBILES AND ACCESSORIES SECTOR
Car and General (K) Ltd
CMC Holdings Ltd
Sameer Africa Ltd
Marshalls (E.A.) Ltd

BANKING SECTOR
Barclays Bank Ltd
CFC Stanbic Holdings Ltd
Diamond Trust Bank Kenya Ltd
Housing Finance Co Ltd
Kenya Commercial Bank Ltd
National Bank of Kenya Ltd
NIC Bank Ltd

Standard Chartered Bank Ltd
Equity Bank Ltd
The Co-operative Bank of Kenya Ltd
INSURANCE SECTOR
Jubilee Holdings Ltd
Pan Africa Insurance Holdings Ltd
Kenya Re-Insurance Corporation Ltd
CFC Insurance Holdings Ltd
British-American Investments Company (Kenya) Ltd
CIC Insurance Group Ltd
INVESTMENT SECTOR
City Trust Ltd
Olympia Capital Holdings ltd
Centum Investment Co Ltd
Trans-Century Ltd
MANUFACTURING AND ALLIED SECTOR
B.O.C Kenya Ltd
British American Tobacco Kenya Ltd
Carbacid Investments Ltd
East African Breweries Ltd
Mumias Sugar Co. Ltd
Unga Group Ltd
Eveready East Africa Ltd
A.Baumann CO Ltd