



i&M Burbidge Capital



MARKET UPDATE BULLETIN

31st March 2020

Foreword & Insight

Foreword

Facing an unprecedented public health crisis with the novel coronavirus (COVID – 19) outbreak, I&M Burbidge Capital has created a resource that gives insight to the impact of the pandemic across the regional markets and economies. We present a selection of the top stories making headlines in the private capital markets as well as market data and corporate developments.

IMBC Thought of the day

Speed of information flow within the business is crucial at this time. This may be even more challenging with some or all employees working from home, but the flow of business data to senior management is of paramount importance, right now it actually needs to be faster than usual. Flow of information and sound decision making in the face of a whole host of additional pressures, will be key to maintaining strength of the business during this time

PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

Deals

BOA Kenya receives KES 1.5 Billion capital injection to strengthen operations

In a display of confidence in the Kenyan economy and in support of its Kenyan subsidiary's change of strategy from defensive to offensive, the Bank of Africa Group (BOA Group) is to make an immediate capital injection of KES 1.5 Billion in BOA Kenya during the month of March 2020.

Source: *Business Daily*

Markets

Kenya free to tap Sh320bn African coronavirus fund

Kenya is among member countries allowed to tap a Sh319 billion (\$3billion) emergency fund set up this week by the African Export Import Bank (Afreximbank) to help African countries alleviate sudden economic disruptions caused by the coronavirus outbreak. Afrexim, which finances and promotes African trade, said the kitty named Pandemic Trade Impact Mitigation Facility (PATIMFA) will support its member country central banks, and other financial institutions

Source: *Business Daily*

Economy

New tax cuts to outlive war on Corona

Income tax, value-added tax and sales levy cuts announced by President Uhuru Kenyatta last week are long term. The tax incentives are not tied to the end of the corona virus pandemic.

Source: *Business Daily*

Kepsa unveils plan to address coronavirus economic fallout

The Kenya Private Sector Alliance (KEPSA) has developed a three-point Action Plan to mobilise its members in offering support to the health and food production sectors in the country in the wake of the coronavirus.

Source: *Business Daily*

Kenyans eye cheaper fuel as crude prices crash to 18-year low

The Energy and Petroleum Regulatory Authority (EPRA) is expected to make a significant cut in fuel prices in the next two months following the fall in the price of crude oil in the international market to an 18-year low of \$22.84 a barrel.

Source: *Business Daily*

M-Pesa, pay TV included in new rating of inflation

Kenya has reviewed the goods used to measure inflation, dropping archaic goods like radio and video cassettes and including contemporary items like pay TV subscription, mobile money transfer fees and garbage collection charges. The Kenya National Bureau of Statistics (KNBS) says the new basket will be used from Tuesday when it releases the March inflation figures.

Source: *Business Daily*

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International

Markets

South Africa's rand crashes to all-time low after Moody's pulls the plug

South Africa's rand plunged to an all-time low on Monday, falling below 18.00 to a dollar after ratings firm Moody's cut the country's last investment grade credit rating to "junk", adding to mounting panic about the coronavirus outbreak. Late on Friday Moody's downgraded the rating one notch to Ba1 from Baa3 and maintained a negative outlook.

Source: *Reuters*

Quote of the day

"If the rate of change on the outside exceeds the rate of change on the inside, the end is near"
-Jack Welch

PART II: TREASURY UPDATE – 30.03.20

LOCAL MARKET – KENYA SHILLING

The Kenyan Shilling was steady against the Dollar on Monday to close at 104.85/105.35. The NSE 20 share index edged higher by 13.08 points to close at 1,930.75 while in the secondary market, bonds worth Kes. 3.4 Bn were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar was stronger on Monday as demand for the currency rose before end of the U.S fiscal year. Market had hoped the U.S would end the shutdown which had paralysed the economy but president Trump re-emphasised the restrictive social distancing guidelines to the end of April, bowing to public-health experts who presented him with even more dire projections for the expanding coronavirus pandemic. EUR was weaker by 0.7% to close at 1.1078 as Germany CPI year-on-year figures dipped to 1.4% from 1.7% and as the Germany Harmonised CPI fell to 1.3% from a forecast of 1.7%. CPI measures the changes in the price of goods and services purchased by consumers while the Germany Harmonised CPI is a mean of determining prices used by EU Governing Council to define and assess price sustainability in the euro area as a whole in quantitative terms. GBP fell on Monday by 0.66% to 1.2334 after Fitch downgraded its credit rating on the U.K. by one notch to AA- from AA on Friday. The downgrading was due to an increase in fiscal spending due to the coronavirus pandemic and the uncertainty regarding the post-Brexit trade relationship with the EU. The currency was also hit by data that showed Consumer Credit dipped to 0.9 bn from 1.107 bn. Consumer Credit represents the amount of money that individuals borrowed in the previous month. It can show an economic growth as well as the overheating of the economy.

In the US stock market; the Dow Jones Industrial average settled 690.70 points higher to close at 22,327.48; the S&P 500 gained 85.18 points to close at 2,626.65 while the Nasdaq Composite was higher by 271.77 points to close at 7,774.15.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.240	10.700	4.045	6.500
182 Day T-Bill	8.118	11.300	4.775	6.825
364 Day T-Bill	9.045	12.300	5.950	7.538
Inflation Data	6.37	3.40	3.70	8.70

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		103.80	105.50
GBP		126.50	131.00
EUR		114.00	117.00
CHF		107.10	110.70
JPY		0.9500	0.9850
ZAR		5.50	6.30
INR		-	1.4200
CNH		-	16.20
RWF		7.40	9.95

INDICATIVE DEPOSIT RATES

Fixed period	1M	3M	6M	1Yr
KES (50,000< 5 Million)	6.25	6.50	7.00	7.25
KES (Above 100 Million)	6.75	7.50	8.00	8.50
USD (Above 500,000)	1.75	2.25	2.75	3.00
EUR (Above 500,000)	0.75	1.25	1.25	1.50
GBP (Above 500,000)	0.25	0.50	0.50	0.50

COMMODITY PRICES

	Unit	Close
Aluminum	USD/MT	1530.50
Murban Crude Oil	USD/barrel	22.88
Coffee	US Cents/lb.	119.30
Wheat	US Cents/Bushel	572.00
Corn	US Cents/Bushel	342.00



PART II: EQUITIES AND BOND TRADING – 30.03.20

MARKET COMMENTARY

The NSE 20 and the NSE All share indices edged up by 0.68% and 1.90% to close at 1,930.75 and 129.72 respectively. The daily turnover and volume of shares exchanging hands on the NSE declined by 60% and 65% respectively. Turnover stood at 346 Million while volumes traded at 10.74 Million shares transacted as compared the Friday's session. Safaricom was the top counter in today's session moving 4.4 Million shares at an average price of 26.00. KCB Group and Stanbic Holdings followed with 3.03 Million and 1.15 Million shares respectively.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	129.72	1.90	-22.50
NSE 20	1930.75	0.68	-27.26
NSE 25	3058.30	2.08	-25.42
FTSE NSE 25	170.35	2.15	-25.76

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, Billions)	1982.20	1911.40
Turnover (KES, Millions)	346.07	864.80
Volume (Millions)	10.74	30.80
Foreign Buys (%)	62.41	42.79
Foreign Sales (%)	95.03	96.98

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GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (Million)
FXD2/2015/5	13.920	9.100	300.00
FXD1/2018/25	13.200	13.100	100.00
IFB1/2015/12	11.000	10.150	700.00

MOVERS

Movers	Volume (Million)	Turnover (Million)	VWAP
Safaricom Plc	4.44	115.48	26.00
KCB Group Plc	3.03	106.03	35.00
Stanbic Holdings Plc	1.15	105.37	92.00

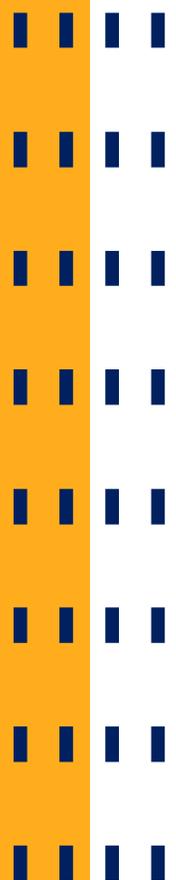
Source: Faida Investment Bank



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Our Services

Originating and structuring Equity and Debt capital raising, IPOs, M&A transactions, Strategic Options advisory, PE advisory, Tax Advisory and other Corporate Finance Services.

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