



i&M Burbidge Capital



MARKET UPDATE BULLETIN

7TH APRIL 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

Try and stay positive in leading your business. Now is a good time to start really focusing on strategy and positioning for the period post the pandemic, as long as you are on top of health, contingency, cash flow modeling and scenario analysis.

PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

Economy

State mulls price controls to tame rogue food traders

The government may resort to price controls to tame traders taking advantage of the ongoing coronavirus crisis to exploit consumers. Agriculture Cabinet Secretary Peter Munya warned the government could consider invoking the Price Control Act to protect consumers from the rogue traders.

Source: *Business Daily*

Factories lose power cost rebate in tax proposals

Kenyan factories will lose the 30% refund on electricity cost in proposed amendments to tax laws, raising fears of elevated direct costs for industries after a short reprieve. The Tax Laws (Amendment) Bill, currently before the National Assembly, proposes to remove the power incentive introduced in the Finance Act 2018, but which was only implemented last year.

Source: *Business Daily*

Infrastructure, green bond investors to pay levy on interest

Interest earned from infrastructure and green bonds will now be subjected to 10% withholding tax like others in proposed changes. This will be a departure from the current income tax law that exempts interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services.

Source : *Business Daily*

Regional

Markets

Stock markets Insecurity push up debt trading

The Dar es Salaam Stock Exchange (DSE) debt market has continually spiked in the last four months driven by uncertainty on equity and money markets. A DSE report showed that the secondary debt market activities tripled in Q1, in what brokers termed as rising certainty on stock and money markets since last December.

Source: *Daily News Tanzania*

DSE performance plunges

Dar es Salaam Stock Exchange (DSE), continued its poor run last week as the turnover slumped to TZS 66.5 Million due to the impact of the coronavirus pandemic.

Source: *Daily News Tanzania*

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Quote of the day

"The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger-but recognize the opportunity."

-John Fitzgerald Kennedy.

PART II: TREASURY UPDATE – 06.04.20

LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Monday to close at 106.35/106.85. The NSE 20 share index edged higher by 3.02 points to close at 2,016.20 while in the secondary market, bonds worth KES 1.9 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Monday as the market feared the economic impact caused by the COVID-19 pandemic. The market is still reeling from poor non-farm payroll data that dipped to -701,000 from -100,000. Non-farm Payrolls data measures the monthly change in employment excluding the farming sector and is considered the most inclusive calculation of job creation in the United States. EUR was steady to close at 1.0805 despite negative data on the currency. German Factory Orders for February dipped to -1.4% from 4.8% while the Euro-Zone Sentix Investor Confidence went lower to -42.9 from -17.1. The Sentix Investor Confidence report is a monthly gauge of current business conditions among Eurozone members and their expectations for the next semester. Trading in the GBP was mixed yesterday closing at 1.224 on the back of news that Prime Minister Boris Johnson was unwell and hospitalised after showing COVID-19 symptoms. With no substantive deputy, it was feared that this would create a degree of dysfunction within the UK government but it gained on news that foreign minister Dominic Raab would take over from Johnson if the prime minister was no longer able to continue his duties. The pound was also hit by news that showed March PMI Construction had slumped to 39.3 from 52.6.

In the US stock market, the Dow Jones Industrial average settled 1627.46 points higher to close at 22,679.99; the S&P 500 gained 175.03 points to close at 2,663.68 while the Nasdaq Composite was higher by 540.15 points to close at 7,913.24.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.220	10.700	4.045	6.300
182 Day T-Bill	8.145	11.300	4.774	6.600
364 Day T-Bill	9.049	12.000	5.950	7.400
Inflation Data	6.06	3.00	3.70	8.70

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.20	107.00
GBP		128.50	132.00
EUR		113.00	116.50
CHF		107.10	110.50
JPY		0.9600	0.9900
ZAR		5.30	6.20
INR		-	1.4230
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	1472.00
Murban Crude Oil	USD/barrel	34.05
Coffee	US Cents/lb.	116.65
Wheat	US Cents/Bushel	554.50
Corn	US Cents/Bushel	330.25

PART III: EQUITIES AND BOND TRADING – 06.04.20

DAILY MARKET COMMENTARY

The NSE All share index declined by 2.28% to close at 2,016.20 while the NSE 20 share index edged up by 0.15% to close at 135.52. Market turnover marginally declined to KES 631.4 Million against the KES 636 Million recorded on Friday. Volumes traded marginally rose with 22.55 Million shares exchanging hands from Friday's volume of 21.66 Million. Foreign activity accounted for 87% of the total market activity in Monday's session with 90.2% of the day's sales and 83.2% of the day's purchases attributed to foreign investors. Foreign investor activity was mainly on the Safaricom counter, the day's main feature, moving 14 Million shares valued at KES 395 Million at between KES 26.90 and KES 28.50.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	135.52	-2.28	-18.56
NSE 20	2016.20	0.15	-24.04
NSE 25	3163.22	-1.42	-22.86
FTSE NSE 25	175.40	-2.58	-23.57

MARKET DATA

Market Data	Friday	Previous
Market Cap (KES, billions)	2071.10	2119.60
Turnover (KES, millions)	631.38	636.42
Volume (millions)	22.55	21.66
Foreign Buys (%)	83.18	90.67
Foreign Sales (%)	90.21	76.71

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2017/10	12.966	11.596	452.90
FXD2/2019/15	12.734	12.679	245.00
FXD2/2016/20	14.000	13.344	140.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	14.37	395.77	27.55
Equity Group Holdings	2.70	92.28	34.20
KCB Group Plc	2.36	82.16	34.80

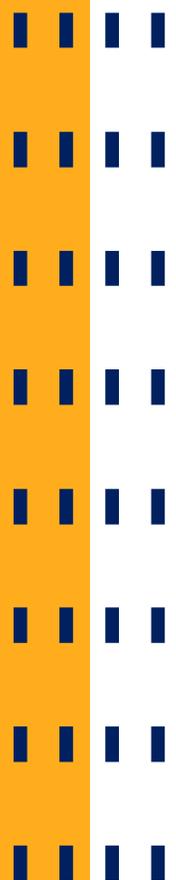
Source: Faida Investment Bank



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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.

Head Office

3rd Floor, Block A, Eldama Park
Eldama Ravine Road, Westlands
P.O Box 51525-00100
Nairobi, Kenya
Tel: +254 (0) 20 3221160

Kampala Office

5th Floor Rwenzori Towers
Nakasero Road Kampala,
Uganda
Tel: +256 (0) 794 476 967



i&MBurbidgeCapital