



**i&M** Burbidge Capital



# MARKET UPDATE BULLETIN

8<sup>TH</sup> 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

*We do hope you are all coping as well as can be, during these trying times. We are on hand at any time, to provide corporate finance advice and support to your business. Please do reach out through your usual IMBC team member or call us on +254 719 088160.*

# PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

## Deals

### **Danish company AP Moller in Sh6bn Iberafrica buyout**

Danish firm AP Moller Capital has acquired power producer Iberafrica after the collapse of a deal to buy out the electricity generator for KES 6.22 billion by a South African firm. AP Moller Capital, which focuses on infrastructure in growth markets, acquired fully the 52.5-megawatt independent power producer from Spanish power and gas utility firm Naturgy.

Source: *Business Daily*

### **Investment fund Vital Capital to inject KES 1 billion into virus-hit firms**

Medium-sized businesses seeking new capital to steer operations through the coronavirus scourge can now access cash from impact investor Vital Capital's KES 1 billion Kenyan debt facility. Vital Capital managing partner Nimrod Gerber said it would provide 10 loans worth KES 100 million each to promising Kenyan companies operating in the agro-industry and processing, education, healthcare and sustainable infrastructure.

Source : *Business Daily*

## Economy

### **Importers face higher freight charges as COVID-19 crisis bites**

Importers are grappling with a sharp rise in freight charges as cargo operators hike the cost to compensate on reduced consignments and empty flights coming in from Europe and Asia to pick shipment in Africa. For instance, a trader importing cargo now would now have to part with KES 1,000 from KES 200 for a kilo of freight transported by flight from China to Nairobi.

Source: *Business Daily*

## Markets

### **Banks to submit loan amnesty list by Friday**

Banks have up to Friday this week to submit details of all loans renegotiated under the payment relief to support businesses and individuals during the coronavirus pandemic. The Central Bank of Kenya (CBK) has put strict measures to track loans that will be given extension including monthly reports by banks with details showing why the relief was offered, monitoring measures and set timelines for loans revert to normal.

Source: *Business Daily*

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## Quote of the day

"The secret of crisis management is not good vs. bad, it's preventing the bad from getting worse."  
-Andy Gilman.

# PART II: TREASURY UPDATE – 07.04.20

## LOCAL MARKET

The Kenyan Shilling edged slightly lower against the Dollar on Tuesday to close at 106.95/107.45. The NSE 20 share index edged lower by 33.70 points to close at 1,982.50 while in the secondary market, bonds worth KES 461 million were transacted.

## INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower against most major currencies on Tuesday as risk appetite for the currency fell due to an easing of COVID-19 infections. The rate of infections plateaued with New York being the epicentre recording flat mortalities. The currency was also hit by news that Job Openings and Labour Turnover Survey showed over 6.882 million job losses from a previous reading of 6.6 million. EUR rose 0.6% to close at 1.0859 as Eurozone finance ministers are set to agree on a stimulus package to shield the Eurozone from the COVID-19 pandemic affecting their respective economies, despite Germany and Netherlands having reservations. The two countries have strict rules regarding the mutualisation of debt as a means of raising the funds through jointly issued bonds, the teething issues are expected to be ironed out today. The currency was little affected by German Industrial Production data that eased to 0.3% from 3.2%. GBP edged higher to 0.7% to close at 1.2316 on the back of news that Prime minister Boris Johnson was improving as he's receiving standard oxygen treatment and breathing without any assistance despite remaining in intensive care. He was hospitalized on early Monday after showing continuous symptoms of COVID-19.

In the US stock market; the Dow Jones Industrial average settled 26.13 points lower to close at 22,653.86; the S&P 500 shed 4.27 points to close at 2,659.41 while the Nasdaq Composite was lower by 25.98 points to close at 7,887.26.

Source: I&M Bank Limited

## PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.220	9.500	4.045	6.300
182 Day T-Bill	8.145	10.500	4.773	6.600
364 Day T-Bill	9.049	11.500	5.951	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		105.90	107.50
GBP		129.90	133.50
EUR		114.40	117.50
CHF		108.00	110.50
JPY		0.9600	0.9950
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	1477.50
Murban Crude Oil	USD/barrel	32.83
Coffee	US Cents/lb.	121.05
Wheat	US Cents/Bushel	546.75
Corn	US Cents/Bushel	332.50

# PART III: EQUITIES AND BOND TRADING – 07.04.20

## DAILY MARKET COMMENTARY

The NSE All share and the NSE 20 share indices on Tuesday declined by 2.07% and 1.67% to close at 132.72 and 1,982.50 basis points respectively. Market turnover marginally rose on increased market optimism to KES 782.7 Million against the KES 631.4 Million recorded yesterday. Volumes traded rose with 28.1 Million shares exchanging hands against Monday's volume of 22.6 Million. Foreign activity accounted for 79.6% of the total market activity in Tuesday's session with 97.26% of the day's sales and 61.95% of the day's purchases attributed to foreign investors. Foreign investors held a net selling position on Equity Group & Safaricom Plc which moved a cumulative 82% of the day's total activity. The secondary bond market recorded a decline in activity, with bonds worth 461 Million traded as compared to KES 1.91 Billion recorded in Monday's session. The number of deals in the bonds market increased to 135 deals, up from the 92 deals achieved in Monday's session.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	132.72	-2.07	-20.25
NSE 20	1982.50	-1.67	-25.31
NSE 25	3100.16	-1.99	-24.40
FTSE NSE 25	173.10	-1.31	-24.57

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2028.30	2071.10
Turnover (KES, millions)	782.67	631.38
Volume (millions)	28.10	22.55
Foreign Buys (%)	61.95	83.18
Foreign Sales (%)	97.26	90.21

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2017/5	12.465	10.350	100.00
FXD2/2019/10	12.438	11.850	100.00
FXD1/2017/15	13.500	10.015	150.00

## MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	15.50	416.44	26.80
Equity Group Holdings	6.60	224.41	33.65
KCB Group Plc	2.80	95.18	34.50

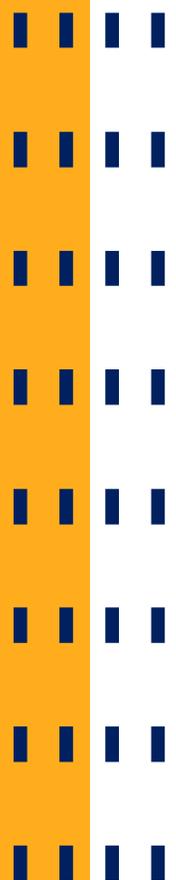
Source: Faida Investment Bank



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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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