



i&M Burbidge Capital



MARKET UPDATE BULLETIN

9TH 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.

PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

Deals

South African firm takes full control of Makini Schools

Johannesburg Stock Exchange (JSE)-listed Advtech has bought additional shares in Makini Schools, giving it full control over the running of the 42-year old institution. Advtech has informed parents that its ownership in the school has increased to 90% after its other partners – Scholé International and Caerus Capital – sold some of their shares to the South African company. Advtech had in 2018 acquired a 71 % stake in the high-end group of schools from the Makini Schools founder Mary Okello for KES 1 billion with the other two foreign investors holding the remaining shares.

Source: *Business Daily*

GreenTec Capital Partners invests in Kenyan logistics company

GreenTec Capital Partners has announced an investment in Kenya's Amitruck. The company is a mobile and web-based trucking logistics platform that brings together cargo owners and transporters. By matching cargo owners with trucking logistics professionals through a digital competitive bidding process, Amitruck brings trust and transparency into the African logistics sector.

Source: *Business Daily*

Markets

Foreign investors face reduced dividend income on higher tax

Multi-nationals and other foreign investors in listed firms will earn reduced dividend income on a government proposal to raise withholding tax to 15 percent, cutting their take-home share of profits. The Tax (Amendment) Bill 2020 wants withholding tax (WHT) on dividend income for non-residents raised from the current 10% to 15 % as the State eyes increased tax revenue from dividends.

Source: *Business Daily*

Economy

Parliament sets Tuesday for tax cut Bill debate

The National Assembly has dropped plans to hold virtual sittings while debating the Bill containing tax cuts announced by President Uhuru Kenyatta last month. Instead, it will hold a session in the House next Tuesday. National Assembly leader of majority Aden Duale and minority leader John Mbadi yesterday said 70 of the 349 MPs will debate the Bill on April 13.

Source: *Business Daily*

Corporate

CBK orders banks' chiefs succession plan over coronavirus fears

The Central Bank of Kenya (CBK) has ordered banks to provide a list of executives and directors who will replace sitting top managers, including CEOs, in the event that Coronavirus hits the current teams. In a circular to all lenders, the regulator has asked the boards of banks to oversee succession planning policies, staff testing and isolation and prepare for transfer of power if executives and key directors are unavailable to discharge their duties due to illness related to the Coronavirus pandemic.

Source: *Business Daily*

US solar firm gets nod for 40MW Kisumu plant

A US clean energy company has set a three-year target to start selling power to the national grid after getting the Energy and Petroleum Regulatory Authority (EPRA) green light to generate and sell electricity.

Ergon Solair Africa Ltd, an American-Kenyan solar developer operating in Africa and an affiliate of Ergon Solair PBC (USA), is developing the Kisumu Solar One 40 megawatts.

Source: *Business Daily*

Quote of the day

"In crisis management, be quick with the facts."
-Leonard Saffir.

PART II: TREASURY UPDATE – 08.04.20

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Wednesday to close at 106.10/106.60. The NSE 20 share index edged lower by 14.31 points to close at 1,968.18 while in the secondary market, bonds worth KES 1.1 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar continued on its losing streak as minutes from the Federal Reserve meeting showed that the U.S is heading towards a recession due to the covid-19 pandemic. Millions of Americans lost their jobs over the last several weeks as state and local governments ordered businesses to close in a bid to stem the spread of the virus therefore giving a bleak outlook of the second quarter. It's feared that the pandemic will cause a behaviour change where people will save more and consume less in the future which will affect a rebound of the economy. EUR edged lower by 0.6% to 1.0830 after European Union finance ministers failed to agree on joint measures to cushion the region's economy against the impact of the covid-19 crisis. The bone of contention being the issuance of common debt instruments to finance the coronavirus-related spending which France, Italy and Spain, in particular, are pushing for, while Germany, the Netherlands, Austria and Finland are against. GBP dropped by 0.3% to 1.2300 on the back of data that showed employment contracted by the largest value in eleven years and this is due to the lockdown and strict social distancing measures to stem the covid-19 pandemic.

In the US stock market; the Dow Jones Industrial Average settled 779.71 points higher to close at 23,433.57; the S&P 500 gained 90.57 points to close at 2,749.98 while the Nasdaq Composite was higher by 203.64 points to close at 8,090.90.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.220	10.000	4.042	6.300
182 Day T-Bill	8.145	10.741	4.775	6.600
364 Day T-Bill	9.049	11.288	5.951	7.400
Inflation Data	6.06	3.00	3.40	8.70

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.00	106.70
GBP		129.40	133.00
EUR		113.00	117.00
CHF		107.00	110.90
JPY		0.9600	0.9900
ZAR		5.30	6.20
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	1465.50
Murban Crude Oil	USD/barrel	33.26
Coffee	US Cents/lb.	120.90
Wheat	US Cents/Bushel	549.75
Corn	US Cents/Bushel	331.00

PART III: EQUITIES AND BOND TRADING – 08.04.20

DAILY MARKET COMMENTARY

The NSE All share and the NSE 20 share indices declined by 1.33% and 0.72% to close at 130.96 and 1,968.19 points respectively. Market turnover declined to KES 547.9 million against KES 782.7 million recorded in Tuesday's session. Volumes traded declined as well with 23.8 Million shares exchanging hands against Tuesday's 28.1 Million shares. Foreign investor activity accounted for 74.96% of the total market activity in Wednesday's session with 86.95% of the day's sales and 62.96% of the day's purchases attributed to foreign investors. The derivatives market had two single stock futures contracts concluded on the exchange in the day's session, implying a turnover of KES 39,650. The secondary bond market recorded growth in activity, with bonds worth KES 1.2 billion having been traded as compared to KES 461 Million traded on Tuesday. The number of deals in the bonds market recorded a decline to 118 deals as compared to the 135 deals achieved on Tuesday.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	130.96	-1.33	-21.3
NSE 20	1,968.19	-0.72	-25.85
NSE 25	3,072.17	-0.9	-25.08
FTSE NSE 25	170.6	-1.44	-25.66

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,001.20	2,028.30
Turnover (KES, millions)	547.94	782.67
Volume (millions)	23.84	28.1
Foreign Buys (%)	62.96	61.95
Foreign Sales (%)	86.95	97.26

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2017/5	11	11.65	200
FXD2/2019/10	13.4	13.8	300
FXD1/2017/15	12.5	11.4	100

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	13.3	347.7	26.2
Equity Group Holdings	5.1	64.3	12.5
KCB Group Plc	2.4	80.4	33.1

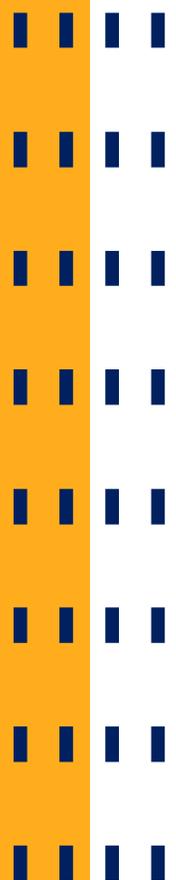
Source: Faida Investment Bank



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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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