



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

**15<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.

## Quote of the day

*“Every test successfully met is rewarded by some growth in intuitive knowledge, strengthening of character, or initiation into a higher consciousness.”*

- Paul Brunton

# PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

## Deals

### **World Bank arm buys KES 1.5 Billion Naivas stake**

The International Finance Corporation (IFC) is set to acquire a minority stake in retail chain Naivas International Limited for USD 15 million (KES 1.5 billion). The global financier is part of a consortium of investors, including PE fund Amethis Finance, that will provide billions of shillings to Naivas, which is controlled by the Mukuha family.

Source: *Business Daily*

## Markets

### **Cost of loans falls to lowest rate since 2005**

Banks have cut the cost of credit to the lowest level in 15 years following the drop in the Central Bank of Kenya benchmark lending rate and a reduction in demand for new loans. The latest development has eased fears of a rise in the cost of credit after the removal of the interest rate cap last November. Fresh data from the Central Bank of Kenya (CBK) shows that lending rates averaged 12.19 % in February, the lowest since January 2005 when it stood at 12.12% during the reign of former governor Andrew Mullei.

Source: *Business Daily*

## Economy

### **Petrol prices post biggest fall in more than 13 years**

Petrol prices have dropped by the biggest margin since Kenya started controlling fuel prices in 2010 with super fuel being cheaper for the first time than diesel. The Energy and Petroleum Regulatory Authority (EPRA) linked the cheap fuel to the plunge in crude oil prices after a fallout between Saudi Arabia and Russia to cut production in the wake of the coronavirus pandemic, which has cut demand for energy on reduced economic activities.

Source: *Business Daily*

## Corporate

### **Absa restructures 4.25pc loans to ease Corona woes**

Absa Kenya has restructured KES 8.3 billion of loans, equivalent to about 4.25% of its net loans at the end of last year, as the lender seeks to cushion customers who have been hit by the coronavirus crisis. The lender also announced repayment breaks of up to three months on all loans as customers hit by cash flow hitches in the wake of coronavirus restrictions seek flexible terms

Source: *Business Daily*

3

International

## Economy

### **South African Reserve Bank cuts repo rate by another 100 basis points**

The Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) has cut the country's interest rate by another 100 basis points, taking the repo rate to 4.25% per annum.

Source: *Business Daily*

# PART II: TREASURY UPDATE – 14.04.20

## LOCAL MARKET

The Kenyan Shilling was stable against the Dollar on Tuesday to close at 106.40/106.90. The NSE 20 share index edged higher by 3.12 points to close at 1,970.26 while in the secondary market, bonds worth KES 1.87 Billion were transacted.

## INTERNATIONAL MARKET OVERVIEW

The Dollar dipped on Tuesday on the back of negative data that showed the month-on-month USD Export Price Index and USD Import Price Index dipped from -1.1 to -1.3 and -0.7 to -2.3 respectively. The currency was also hit by news that the U.S had registered 1,940 mortalities yesterday which was the highest since the pandemic began. EUR edged higher by 0.625 to close at 1.0981 as the number of mortalities from the covid-19 pandemic began easing with Italy registering its lowest number since March 19th 2020. Other Eurozone countries have begun easing on their lockdown restrictions to boost their economies. GBP closed higher on Tuesday at 1.26 mainly on the back of a weaker Dollar and as risk appetite for the currency returned amid news that mortalities from the pandemic weren't growing and the country was easing on lockdown restrictions that were in place. The Pound tends to gain in times of improving investor optimism and with world markets trying to recover it thus adds up why the UK currency is advancing.

In the US stock market; the Dow Jones Industrial average settled 558.99 points higher to close at 23,949.76; the S&P 500 gained 84.43 points to close at 2,846.06 while the Nasdaq Composite was higher by 323.32 points to close at 8,515.74.

Source: I&M Bank Limited

## PREVAILING TREASURY BILLS YIELD & INFLATION

| Country        |       |        |       |       |
|----------------|-------|--------|-------|-------|
| 91 Day T-Bill  | 7.209 | 9.500  | 4.047 | 6.300 |
| 182 Day T-Bill | 8.106 | 10.800 | 4.775 | 6.600 |
| 364 Day T-Bill | 9.040 | 11.300 | 5.950 | 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      |         | 105.30   | 107.00    |
| GBP      |         | 132.00   | 135.80    |
| EUR      |         | 114.50   | 118.00    |
| CHF      |         | 108.50   | 112.00    |
| JPY      |         | 0.9750   | 1.0050    |
| ZAR      |         | 5.30     | 6.20      |
| INR      |         | -        | 1.4150    |
| 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          | 1503.50 |
| Murban Crude Oil | USD/barrel      | 29.77   |
| Coffee           | US Cents/lb.    | 118.35  |
| Wheat            | US Cents/Bushel | 549.50  |
| Corn             | US Cents/Bushel | 333.00  |



# PART III: EQUITIES AND BOND TRADING – 14.04.20

## DAILY MARKET COMMENTARY

The NSE All share and the NSE20 indices edged up 1.92% and 0.16% respectively in yesterday's session. Market turnover slumped 30% to settle at KES 565.27 million against KES 802.1 million recorded on Thursday. Volumes traded also declined with 18.3 million shares changing hands vis a vis the 26.8 million traded in the previous session. Foreign activity accounted for 74.7% of total market activity in today's session with 87.1% of the day's sales and 62.3% of the day's purchases. Foreign investors held net buying, net selling positions on Safaricom, Equity Bank & East African Breweries Plc which were also the day's top movers. The secondary bond market recorded increased activity, with bonds worth KES 1.8 billion having been traded as compared to KES 535.6 billion recorded in the previous session. The number of deals in the bonds market declined to just 25 from 100 deals achieved on Thursday. Co-operative bank of Kenya announced they will be closing their books earlier than usual on April 15<sup>th</sup>, 2020 and dividends will be paid on April 23<sup>rd</sup>, 2020. This saw demand for the banking counter grow and closed with 1.7 Million shares traded at an average price of KES 12.50

## INDEX MOVEMENTS

| Index       | Closing | % Change | % YTD  |
|-------------|---------|----------|--------|
| NASI        | 133.59  | 1.92     | -19.72 |
| NSE 20      | 1970.26 | 0.16     | -25.77 |
| NSE 25      | 3122.51 | 1.79     | -23.85 |
| FTSE NSE 25 | 175.18  | 1.84     | -23.67 |

## MARKET DATA

| Market Data                | Today   | Previous |
|----------------------------|---------|----------|
| Market Cap (KES, billions) | 2,041.7 | 2,003.0  |
| Turnover (KES, millions)   | 565.27  | 802.10   |
| Volume (millions)          | 18.27   | 26.76    |
| Foreign Buys (%)           | 62.31   | 42.16    |
| Foreign Sales (%)          | 87.07   | 96.84    |

## GOVERNMENT BONDS

| GOK Bonds    | Rates   | Traded Yield | Value Traded (million) |
|--------------|---------|--------------|------------------------|
| FXD2/2017/5  | 12.5170 | 10.5000      | 450.00                 |
| FXD2/2007/15 | 13.5000 | 10.5000      | 400.00                 |
| IFB1/2013/12 | 11.0000 | 12.6000      | 310.00                 |

Source: Faida Investment Bank

## MOVERS

| Movers                     | Volume (million) | Turnover (million) | VWAP   |
|----------------------------|------------------|--------------------|--------|
| Safaricom Plc              | 10.5             | 284.20             | 27.05  |
| Equity Group Holdings Plc  | 3.23             | 106.83             | 33.05  |
| East African Breweries Plc | 0.65             | 99.79              | 152.75 |

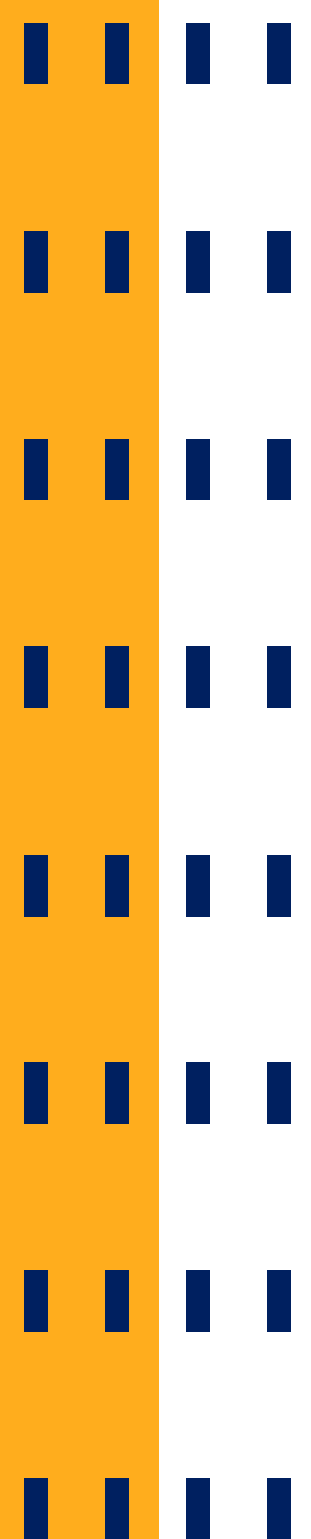




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## Our Services

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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