



**i&M** Burbidge Capital



# MARKET UPDATE BULLETIN

16<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

*“In times of crisis, it's wonderful what the imagination will do.”*

- Ruskin Bond

# PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

## **Economy**

### **Digital lenders to cut instant loans on CRBs directive**

Digital lenders will cut instant loans after Central Bank of Kenya (CBK) order on blacklisting of defaulters reduces credit worthiness reports, the industry lobby warns. Digital Lenders Association of Kenya (DLAK) said some of the mobile lenders would be forced to ask clients to send them bank and M-Pesa statements to validate information on their source and level of income, lengthening the loan application period.

Source : *Business Daily*

## **Corporate**

### **Moody's sees Co-Op Bank deepening SME loans after Jamii Bora buyout**

Global rating agency Moody's expects Co-operative Bank of Kenya to deepen lending to small and medium-sized enterprises (SMEs) on completing the acquisition of the troubled Jamii Bora Bank (JBB). The agency says the deal will serve as a springboard for the tier-I lender to raise the share of loan book to SMEs given the repeal of interest rate cap law late last year.

Source: *Business Daily*

Regional

## **Economy**

### **Uganda lowers central bank rate**

Uganda's central bank has dropped its policy rate from nine per cent announced in February 2020 to eight per cent for April, to counter the fallout from the coronavirus pandemic on commercial banks, micro deposit taking institutions, the economy and borrowers. The one per cent rate cut appears modest compared with recent policy rate cuts of more than two per cent announced by some African and European central banks and the US Federal Reserve.

Source: *The East African*

International

## **Markets**

### **South African rand plummets after surprise rate cut, market uncertainty**

The South African rand fell on Wednesday after a surprise repo rate cut by the South African Reserve Bank, while broader emerging market risk assets retreated amid continued focus on the coronavirus outbreak.

Source: *CNBC Africa*

# PART II: TREASURY UPDATE – 15.04.20

## LOCAL MARKET

The Kenyan Shilling was stable against the Dollar on Thursday to close at 106.40/106.90. The NSE 20 share index edged higher by 14.41 points to close at 1,984.40 while in the secondary market, bonds worth 996 million were transacted.

## INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Wednesday as demand for the currency increased. Negative data did little to affect the currency as month-on-month Core Retail Sales dipped to -4.5% from -0.4% and Advance Retail Sales that were also low at -8.7% from -0.4%. The Retail Sales measures the total receipts of retail stores and gauged as sentiment of consumer spending. EUR weakened by 0.25% to 1.0881 on the back of news that the region may be heading towards a recession. Germany, The Eurozone powerhouse, is trying to avoid this by saying that they'll re-open their border and the economy by next week on Monday by easing restrictions with Germany's 16 state premiers. Positive data did little to improve the currency as the Consumer Price Index increased to 0.1% from -0.1%. GBP fell by 0.2% to 1.2482 on the back of news that IMF forecasted the global economy would shrink by 3% mostly driven by the coronavirus pandemic. A weakening global economy enhances the safe-haven appeal of the U.S. dollar as it is the major currency in global trade and the predominant medium of exchange in world markets which impacts negatively on other currencies.

In the US stock market; the Dow Jones Industrial Average settled 445.41 points lower to close at 23,504.35; the S&P 500 shed 62.70 points to close at 2,783.36 while the Nasdaq Composite was lower by 122.56 points to close at 8,393.18.

Source: I&M Bank Limited

## PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.209	9.500	4.046	6.300
182 Day T-Bill	8.106	10.800	4.774	6.600
364 Day T-Bill	9.040	13.400	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		105.30	107.00
GBP		130.90	134.10
EUR		114.10	117.50
CHF		108.50	111.50
JPY		0.9750	0.9950
ZAR		5.30	6.10
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	1507.50
Murban Crude Oil	USD/barrel	27.90
Coffee	US Cents/lb.	121.20
Wheat	US Cents/Bushel	542.00
Corn	US Cents/Bushel	327.25



# PART III: EQUITIES AND BOND TRADING – 15.04.20

## DAILY MARKET COMMENTARY

The NSE All share and the NSE20 Share indices edged up 1.24% and 0.72% respectively to close at 135.24 and 1,984.40 in yesterday's session. Market turnover increased marginally to settle at KES 622.4 Million against the 565.3 Million recorded on Tuesday. Volumes traded on the market gained with 21.7 million shares changing hands against the 18.3 million posted in the previous session. Foreign investor activity accounted for 82.1% of the total market activity in Wednesday's session with 91% of the day's sales and 82.1% of the day's purchases attributed to them and a bulk of their activity on Safaricom & Absa bank Kenya Plc. The secondary bond market recorded a sharp decline in activity, with bonds worth KES 996.2 million having been traded as compared to KES 1.8 billion recorded in the previous session. The number of deals in the bonds market, however, rose to 92 from 25 deals achieved on Tuesday.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	135.24	1.24	-18.73
NSE20	1,984.40	0.72	-25.24
NSE25	3,153.23	0.98	-23.10
FTSE NSE25	176.28	0.68	-23.19

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,066.9	2,041.7
Turnover (KES, millions)	622.42	565.27
Volume (millions)	21.70	18.27
Foreign Buys (%)	73.14	62.31
Foreign Sales (%)	90.98	87.07

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2017/5	12.4650	10.2000	100.00
FXD2/2017/5	12.5170	10.2000	450.00
FXD2/2007/15	13.5000	10.2000	400.00

## MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	9.9	271.04	27.45
Equity Group Holdings Plc	4.6	154.65	33.55
KCB Group Plc	1.9	67.16	35.00

Source: Faida Investment Bank

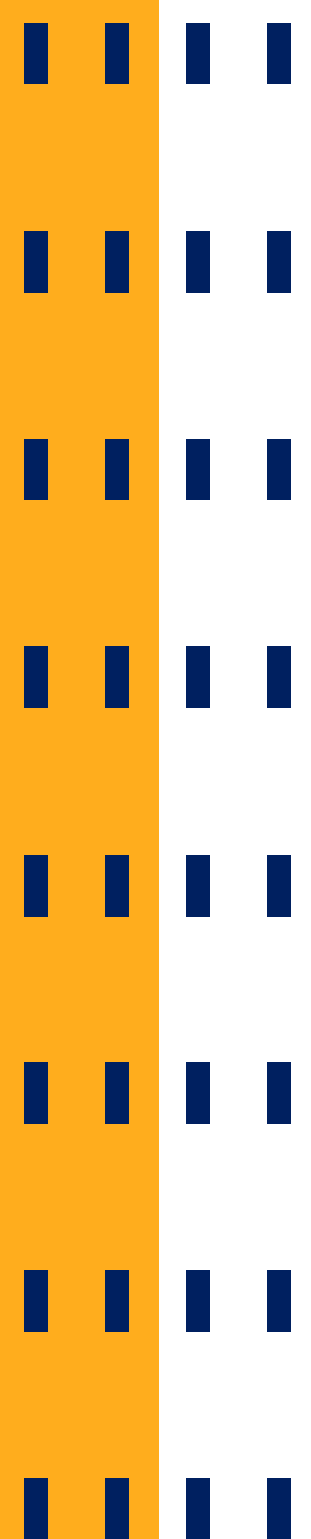




## DISCLAIMER

This document has been prepared on the basis of information and forecasts in the public domain. None of the information on which the document is based has been independently verified by *I&M Burbidge Capital Limited* nor its affiliate bodies and associates, who do not take responsibility for the content thereof and do not accept any liability with respect to the accuracy or completeness, or in relation to the use by any recipient of the information, projections, opinions contained in this document.

This document is purely for information purposes only and should not be relied upon to make any investment decisions or any other decisions. Any liability is disclaimed, including incidental or consequential damages arising from error or omission in this document.



## About I&M Burbidge Capital

I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority creating long term advisory relationships & solutions across Eastern Africa.

## 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&M**BurbidgeCapital