



i&M Burbidge Capital

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MARKET UPDATE BULLETIN

1ST 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

It's not easy working from home! We hope you find the tips on working from home from the IMBC team useful! You can find these on page 6.

PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

Deals

Treasury Consolidated Bank stake hits 93pc

The Treasury has raised its stake in Consolidated Bank to 93.4 percent after converting a Sh1.6 billion debt into shares. Coming from an initial 85.8 percent stake, the deal diluted other shareholders such as National Social Security Fund, Kenya Pipeline Company, Kenya National Assurance and Telkom Kenya.

Source: *Business Daily*

Growth prospect entices EABL to increase stake in Dar brewer

Regional beer giant East African Breweries Ltd is expected to spend at least \$18.7 million on the purchase of an extra stake in Serengeti Breweries, signaling the company's growing faith in future prospects of the Tanzanian market.

Source: *The East African*

Markets

CBK snubs Sh68bn T-bill bids as it nears target

The Treasury rejected almost half the bids in March as it neared its yearly borrowing target, 8 months into the 2019/2020 financial year, amid low subscriptions last week. Central Bank of Kenya (CBK) data shows the regulator received bids totaling KES144.97 billion from investors in the past four weeks auctions but accepted just KES 76.78 billion.

Source: *Business Daily*

Economy

State creates new coronavirus fund

The government has launched a private sector-led Covid-19 Emergency Response Fund to gather resources for fighting the spread and impact of the virus. In a statement issued Monday evening, President Uhuru Kenyatta said seed money for the newly created kitty will be drawn from salary cuts made by himself, Deputy President William Ruto and other officials in the Executive, Judiciary, Legislature and county governments as well as exchequer contributions.

Source: *Business Daily*

March inflation at 6.06 percent

Kenya's annual inflation stood at 6.06 percent last month after the inclusion of contemporary items such as mobile phone airtime, pay TV subscription and garbage collection charges to the basket used to measure the cost of living.

Source: *Business Daily*

Quote of the day

"When you see only problems, you're not seeing clearly."
-Phil Knight, Shoe Dog.

PART II: TREASURY UPDATE – 31.03.20

LOCAL MARKET – KENYA SHILLING

The Kenyan Shilling weakened marginally against the Dollar on Tuesday to close at 105.30/105.80. The NSE 20 share index edged higher by 35.37 points to close at 1,966.12 while in the secondary market, bonds worth KES 1.4 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar was firm on Tuesday as demand for the currency rose despite rising number of mortalities from the coronavirus pandemic. The U.S has over 4,053 mortalities with infections reaching 188,530 and it's projected that the country will have over 100,000 mortalities from the pandemic. The Federal reserve took bold steps to protect the US economy and others by allowing foreign central banks to access dollars during the coronavirus crisis by exchanging their holdings of U.S. Treasury securities for overnight dollar loans. EUR edged lower by 0.5% to close at 1.1010 after the year-on-year Euro-Zone Core CPI gave negative readings of 1.0% against a previous reading of 1.2%. Euro-Zone CPI also gave a poor reading of 0.7% against a previous reading of 1.2%. The Euro-Zone Core CPI provides a better representation of inflation while the Euro-Zone CPI measures the changes in the price of goods and services from the perspective of the consumer and is the European Central Bank's mandated inflation target. GBP edged higher by 0.2% to close at 1.2449 mainly due to low dollar upside movement but also on news that the Brexit transition period would be extended due to coronavirus pandemic. The currency was little affected by news that the U.K's quarter-on-quarter GDP growth slumped to 0.0% from a previous reading of 0.4% while year-on-year GDP growth remained stagnant at 1.1%.

In the US stock market; the Dow Jones Industrial Average settled 410.32 points lower to close at 21,917.16; the S&P 500 shed 42.06 points to close at 2,584.59 while the Nasdaq Composite was lower by 74.05 points to close at 7,700.10.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.240	10.700	4.044	6.500
182 Day T-Bill	8.118	11.300	4.774	6.825
364 Day T-Bill	9.045	13.400	5.951	7.538
Inflation Data	6.06	3.00	3.70	8.70

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		104.50	106.20
GBP		128.50	132.00
EUR		114.30	118.00
CHF		107.10	111.50
JPY		0.9600	0.9960
ZAR		5.30	6.30
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	1526.00
Murban Crude Oil	USD/barrel	22.74
Coffee	US Cents/lb.	119.55
Wheat	US Cents/Bushel	566.75
Corn	US Cents/Bushel	340.50



PART II: EQUITIES AND BOND TRADING – 31.03.20

MARKET COMMENTARY

The NSE 20 and the NSE All share indices edged up by 1.83% and 1.70% to close at 1,966.12 and 131.92 respectively. Market turnover rose to settle at KES 804 Million against KES 346 Million recorded yesterday. Volumes traded increased as well with 26.90 Million shares traded against 10.7 Million in the previous session. Safaricom continued to dominate market activity, moving 16.1 Million shares valued at KES 425 Million, an equivalent of 52.84% of the day's total traded value. Foreign investors dominated today's session with a net selling position, accounting for 79.4% of the day's turnover, mainly focusing on Safaricom, KCB Group and Kenya Reinsurance Corporation Limited. The secondary bond market recorded a decline in activity, with bonds worth KES 1.4 Billion traded as compared to KES 3.44Bn from the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	131.92	1.70	-20.75
NSE 20	1966.12	1.83	-25.93
NSE 25	3109.00	1.66	-24.18
FTSE NSE 25	173.39	0.74	-24.45

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, Billions)	2016.10	1982.20
Turnover (KES, Millions)	739.24	346.07
Volume (Millions)	26.90	10.74
Foreign Buys (%)	64.64	62.41
Foreign Sales (%)	94.23	95.03

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GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (Million)
FXD4/2019/10	12.800	12.250	300.00
FXD1/2018/25	13.400	13.680	300.00
IFB1/2019/16	11.750	11.500	300.00

MOVERS

Movers	Volume (Million)	Turnover (Million)	VWAP
Safaricom Plc	16.08	425.25	26.45
KCB Group Plc	7.04	246.41	35.00
Stanbic Holdings Plc	1.18	15.19	12.85

Source: Faida Investment Bank



PART IV: BUSINESS INSIGHTS

Remote Working

The COVID-19 pandemic has severely interrupted the normal order of the world and with it the operations of many organisations across the globe. Where possible, many organisations have been encouraged to allow their employees work from home in an effort to combat the spread of the virus among populations. Whilst not new in itself, the concept of working from home has likely never been applied at such scale in modern history. Before the pandemic, the concept was mainly applied by contractors in the gig economy and in Flexi-working programs, a more recent addition and mainly used by consulting firms for its management level staff. We have compiled some tips below that highlight how to maintain high levels of productivity even during this pandemic both from the organization and staff's points of view.

1. Tips for Team Members

Working from home can seem like an ideal situation for employees due to significantly more freedom when you're at home. However, one quickly realizes the challenges of working from home without a proper structure in place, and now even more so. There are fewer distractions at the office, such as dealing with deliveries, attending to your children's needs, playing host to visiting relatives, or pausing work to prepare your next meal. At home, it can be difficult to draw the line between personal and professional time. We recommend applying the following ideas to get the best out of this time.

a) Define a schedule

Schedule a start and an end time to your day. We recommend using your typical working hours at your organization. Have a rhythm. Take a shower, get dressed, even if it's not what you'd usually wear to work, though work clothes are highly recommended for their psychological effect (and also because you may well be joining work video calls), then get started on the day's activities. Delineate break times as you would have them at the office and stick to them religiously. Where taking care of children is involved, building distinct sessions for this into the schedule will be useful even if that means a slight extension to the day.

b) Establish rules for everyone else at home

Whilst you may be disciplined, others may not. Establish rules with roommates and other family members in advance and make it clear when you are available and when you are not.

c) Designate a dedicated work area and invest in the right equipment

Designate a space in your home that will serve as your work area. Whether it's a home office, study desk or the dining table, make sure it's an area that doesn't overlap much with your personal space or expose you to many distractions. Think of it as an area that doesn't remind you that you're at home.

d) Keep in touch with workmates and step outside

Working from home for extended periods may leave you feeling alone and isolated. Make a point of checking in with your colleagues, particularly for extroverts and ambiverts. Think of this as part of the water cooler or printer catch up sessions.

2. The Supporting Roles of the Organisation

Look out for the following to make sure your team is well set up to work from home:

a) Ensure your team is well equipped with the right Infrastructure

Invest in the requisite hardware and software to enable your team members work from home. This would typically mean the standard laptops and communication software such as Zoom or Skype but also additional measures such as calling and internet airtime benefits for staff who do not receive these and would need to make additional calls. It would also be a good idea to ensure that the team's laptops are encrypted and password protected to maintain the integrity and confidentiality of information.

b) Communication is Key

Make sure that team members constantly feel like they know what's going on. You need to communicate what's happening at the organizational level because, when they're at home, they feel like they've been extracted from the mothership. They wonder what's happening at the company, with clients, and with common objectives. The communication around those are extremely important.

c) Address the Psychological Effects of Working From Home

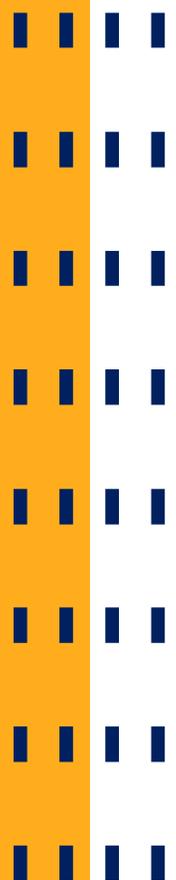
The shift will most likely have an impact on the team's psyche as they lose the regular interaction. Make a point of checking up on team members regularly and encourage individual check-ins between line managers and their direct reports on a daily basis.



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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



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