



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

for **20TH APRIL 2020** and the week ending **17th 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

"Have the end in mind and every day make sure you're working towards it"

- Ryan Allis

PART I : DEALS & CORPORATE DEVELOPMENTS

20th April 2020

Kenya

Deals

DEG provides funding to macadamia produce

In the fertile soil region of Embu on the slopes of Mount Kenya, northeast of Nairobi, German-Kenyan company Limbua produces high-quality organic macadamia nuts. German development financier DEG recently announced that it will provide the company with a loan (amount not disclosed) to double its annual throughput for macadamia nuts on location from 1,000 to 2,000 tonnes.

Source: Africa Private Equity News

Markets

Pension schemes tipped on COVID-19 investments

Investment experts have advised retirement schemes to monitor goings-on within financial markets and their sponsors (companies) to help craft a COVID-19 survival strategy. Nairobi Securities Exchange (NSE) chief executive Geoffrey Odundo, Cytonn Investments chief investments officer Elizabeth Nkukuu and wealth management firm Enwealth chief executive Simon Wafubwa said ageing savers were looking up to the schemes to wade through the COVID-19 pandemic.

Source: Business Daily

Corporate

KCB, NCBA boost coronavirus kitty with Sh250m

KCB Group and NCBA Bank have contributed KES 250 million towards emergency interventions to cushion Kenyans from the impact of coronavirus, deepening the lenders' input in the emergency kitty. The funds will be channeled through the COVID-19 Emergency Response Fund that was recently formed by President Uhuru Kenyatta.

Source: Business Daily

Economy

IMF forecasts drastic economic slumps across EAC due to COVID-19

All five East African Community countries should brace for drastic drops in their economic growth rates this year as a direct result of the global coronavirus crisis. The International Monetary Fund's latest World Economic Outlook projections for 2020 pegs Kenya and Tanzania's respective GDP growth rates at one per cent and two per cent respectively in 2020, down from 5.6% and 6.3% respectively in 2019. Uganda will maintain a 3.5 growth rate this year, compared with 4.9% in 2019.

Source: The East African

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PART II: TREASURY UPDATE

For the week ending 17th April 2020

LOCAL MARKET

The Kenyan Shilling was stable against the Dollar last week to close at 107.00/107.50. The country also recorded an increase in number of COVID-19 infections to 270 with 14 mortalities and 67 recoveries as at 19th April 2020. The NSE 20 share index edged lower by 6.69 points to close at 1,973.82 while in the secondary markets registered improved activity with bonds worth KES 6.1 Billion transacted compared to KES 4.0 billion registered the previous week.

INTERNATIONAL MARKET OVERVIEW

The Dollar started the week on a low note on the back of negative data that showed year-on-year and month-on-month USD CPI dipped to 1.5% from 2.3% and -0.4% from 0.1% respectively. 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 U.S also recorded the highest number of jobless claims to stand at 22 million. The dollar later gained with demand for the currency going higher as the market sought to hedge against effects of the COVID-19 pandemic.

EUR trading was mixed last week as it was affected by news that German Trade Balance moved higher to 21.6 billion from 18.5 billion and the Consumer Price Index that increased to 0.1% from -0.1%. The momentum of the currency was halted when the E.U failed to agree on the 'Corona bond' that would help stem effects of the COVID-19 from affecting their economies. Germany, Netherlands and Austria opposed the bond. The currency was also hit by negative data that showed year-on-year Euro-Zone Core CPI and Euro-Zone CPI dipped to 1.0% from 1.2% and 0.7% from 1.2% respectively. The Core Consumer Price Index measures the changes between the retail prices of a representative shopping basket of goods and services excluding the volatile components like food, energy, alcohol and tobacco while the Consumer Price Index measures the changes in the price of goods and services from the perspective of the consumer and explains the significant inflationary pressures.

GBP trading was also mixed last week on the back of data that showed year-on-year and month-to month GBP Industrial Production figures grew from -2.9% to -2.8% and -0.1% to 0.1% respectively. GBP Manufacturing Production gave mixed figures as year-on-year figures dipped to -3.9% from -3.6% while the month-to-month data gained to 0.5% from 0.4% as the Trade Balance also dipped to -£11.49 billion from -£5.76 billion. The currency was also affected by news that IMF forecasted the global economy would shrink by 3% mostly driven by the coronavirus pandemic and that the Brexit timelines wouldn't be possible with the current pandemic still affecting countries. 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.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.201	9.500	4.044	6.200
182 Day T-Bill	8.089	10.500	4.775	6.555
364 Day T-Bill	9.091	11.500	5.950	7.406
Inflation Data	6.06	3.00	3.40	8.50

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		106.00	107.70
GBP		131.00	135.00
EUR		114.00	118.00
CHF		108.00	112.00
JPY		0.9760	1.0050
ZAR		5.30	6.20
INR		-	1.4200
CNH		14.50	16.50
RWF		7.80	9.70

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	3.00	3.25	3.50
EUR (Above 500,000)	1.50	2.25	2.25	2.25
GBP (Above 500,000)	0.50	0.75	1.00	1.00

COMMODITY PRICES

	Unit	Close
Aluminum	USD/MT	1507.00
Murban Crude Oil	USD/barrel	21.52
Coffee	US Cents/lb.	117.55
Wheat	US Cents/Bushel	539.00
Corn	US Cents/Bushel	327.75

PART III: EQUITIES AND BOND TRADING

For the week ending 17th April 2020

WEEKLY MARKET COMMENTARY

During Friday's session, the NSE All share and the NSE20 Share indices rose by 0.96% and 0.26% to close at 135.93 and 1,973.82 points respectively. Weekly, the indices gained 3.8% and 0.29% respectively. Friday's market turnover rose to settle at KES 879.8 million against the KES 322.2 million posted in the previous session. Volumes traded on the market were higher with 27.8 million shares exchanging hands as compared to 12.1 million recorded on Thursday. Foreign investor activity in Friday's session was higher than in the previous session, accounting for well over half of the day's market activity at 72.5%. The demand for local stocks by foreigners gained momentum with foreigners accounting for 50.5% of the day's purchases against the previous session's 14.34%. Sales by foreigners stood at 94.41% offering a strong supply of Safaricom & Equity Bank. Safaricom was the week's biggest mover with 37 million shares valued at KES 1.0 billion changing hands at between KES 26.30 and KES 28.50; and accounting for 42.62% of the week's traded value. The Secondary Bond Market registered improved activity week on week with bonds worth KES 6.1 billion transacted compared to KES 4.0 billion traded in the previous week.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	135.93	0.96	-18.32
NSE20	1,973.82	0.26	-25.64
NSE25	3,145.15	0.31	-23.30
FTSE NSE25	176.55	1.37	-23.07

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,077.4	2,057.8
Turnover (KES, millions)	879.8	322.2
Volume (millions)	27.82	12.05
Foreign Buys (%)	50.51	14.34
Foreign Sales (%)	94.41	91.61

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD2/2007/15	13.5000	10.3000	250.00
FXD1/2018/20	13.2000	13.0250	200.00
IFB1/2017/7	12.5000	10.5500	126.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	13.7	383.71	28.00
KCB Group Plc	9.5	328.04	34.60
Equity Group Holdings Plc	2.5	81.43	32.95

Source: Faida Investment Bank



PART IV: WEEKLY SUMMARY OF DEALS AND INSIGHTS

For the week ending 17th April 2020

EAST AFRICA DEALS OF THE WEEK

Target Company / Fund	Acquirer Company	Deal Type	Synopsis	Deal Value (USD Million)	Sector	Country
	EDFI Electrifi	Debt Fund	Swiss impact asset manager responsible for investments and EDFI Electrifi have announced their cooperation in the field of climate finance in emerging economies. Under the agreement, EDFI Electrifi is providing additional first loss capital for a responsible managed energy debt fund targeting universal access to clean power.	200	Energy	Sub-Saharan Africa
IFC	Naivas Supermarket	Minority 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).	15	FMCG	Kenya

LOAN FLEXIBILITY TERMS

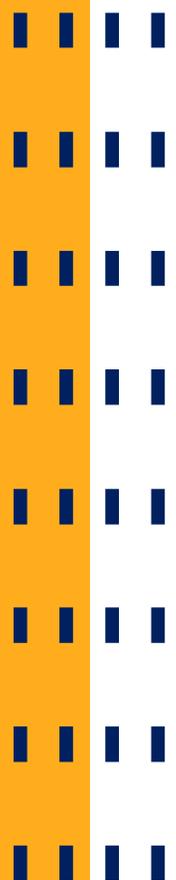
On 25 March 2020, President Uhuru Kenyatta announced various measures 'to cushion every Kenyan from the shocks arising from COVID-19', with the principle aim of providing certainty to both employees and employers. One of the aforementioned measures included flexibility in loan classification and provision for loans. In response to this, a few banks have outlined certain flexibility terms for loans to ease impact of the COVID-19 pandemic.

For more details click [here](#)

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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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