



i&M Burbidge Capital



MARKET UPDATE BULLETIN

for **27TH APRIL 2020** and the week ending **24th 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

"I'm convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance."

-Steve Jobs

PART I : DEALS & CORPORATE DEVELOPMENTS

24th April 2020

Kenya

Deals

Egypt lender buys Mayfair Bank stake for KES 3.7 billion

Egypt's largest private lender, Commercial International Bank (CIB), will inject KES 3.7 billion (USD 35 million) into Mayfair Bank following its acquisition of a majority stake in the Kenyan tier three lender. The acquisition by CIB, which now controls 51% shareholding in the bank, will see the lender operate under the new name of Mayfair CIB Bank Limited as from May 1st.

Source: *Business Daily*

FMO proposes USD 7.5 Million investment in micro-forestry company

Dutch development financier FMO has disclosed a proposed USD 7.5 million investment in Komaza Group Inc., a vertically integrated micro-forestry company working with smallholder farmers in Kenya to address a large and fast-growing wood market in Africa. The main funding objective is to support the growth of Komaza within Kenya and potentially across sub-Saharan Africa.

Source: *Africa Private Equity News*

Markets

CBK mops up cash as COVID crisis hits shilling

The Central Bank of Kenya (CBK) has maintained its aggressive mop-up of excess liquidity from the market even as the shilling lost ground to the dollar for the seventh straight day on Friday. Data from the CBK shows that the shilling opened Friday at an average 107.24 units to the dollar in contrast with the previous Friday's level of 106.20 in the wake of the Covid-19 pandemic, which has hurt export trade and slowed down Diaspora remittances.

Source: *Business Daily*

Corporate

Credit Bank gives KES 3 Million for Covid-19 fight

Credit Bank has joined other private sector players in the fight to combat the impact of the Covid-19 pandemic with a KES 3 million donation. The lender gave its donation to the Covid-19 Emergency Response Fund set up to gather resources to be used to fight against the virus.

Source: *Business Daily*

Economy

Uhuru signs law for major tax reliefs amid Covid-19 pandemic

President Uhuru Kenyatta on Saturday signed into law the Tax Laws (Amendment) Bill, 2020 as part of measures to cushion the public against effects of the Covid-19 pandemic. The bill published on March 30 amends tax-related laws including Income Tax Act (CAP 470), Value Added Tax Act of 2013, Excise Duty Act (2015), Tax Procedures Act (2015), Miscellaneous Levies and Fees Act (2016) and Retirement Benefits Act, 1997.

Source: *Daily Nation*

PART II: TREASURY UPDATE

For the week ending 24th April 2020

LOCAL MARKET

The Kenya Shilling continued to trade within its recent ranges against the U.S Dollar during the week to close at 106.60/107.20. In the local equities market, the main NSE 20 share closed the week at 1967.84, 5.98 points lower while in the secondary market bonds worth KES 8.4 billion were transacted, vis a' vis the KES 6.1 billion worth of bonds traded the previous week.

INTERNATIONAL MARKET OVERVIEW

The Dollar opened the week higher, on the back of news that the Federal Reserve issued a monetary stimulus to ease the strain on Dollar funding and performed better than other oil-linked currencies after the WTI crude oil prices fell to unprecedented negative prices of -\$40. The Dollar continued to strengthen against basket of major currencies, as markets remained relatively stable and oil prices began to make slight gains from Tuesday's crash. It however traded mixed at the close of the week as grim economic data released signalled a contraction in private sector output.

The EUR dropped at the start of the week being weighed down by negative economic data. Markets awaited the Eurozone meeting to give consensus on the corona bond in which if the EU failed to reach an agreement, there could be more downside risks for the euro. Coronavirus infections showed tentative signs of peaking in some places as countries struggled to decide on how to re-open their economies for business. On Thursday, the European Union leaders failed to agree on a coronavirus recovery package stimulus and the outcome weighed down on the Euro as predicted. The European Commission suggested a 2-trillion euro plan but there were still ongoing discussions on how the funds would be used. ECB President Christine Lagarde said the euro zone economy could contract and urged the EU leaders to roll out a stimulus.

GBP dipped by 0.3% to 1.2464 as market feared the country may be heading towards a recession in the wake of a slowdown in economic activity due to the covid-19 pandemic. The U.K was noted to be among the last countries in Europe to impose strict measures to protect its people from the Covid-19 pandemic. GBP continued to drop on the back of weaker inflation data, expectations and worries about a no-deal Brexit ahead trade talks between the EU and U.S. The currency didn't make any positive movements despite the positive month-on-month Claimant Count Change and Unemployment Rate figures. The Sterling Pound remained within a stable range to close at \$1.2350 despite lower than expected preliminary UK consumer Purchasing Manager's index (PMI) readings for April, as markets appear to be immune to new data about the economic effects from coronavirus.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.212	9.575	3.450	6.200
182 Day T-Bill	8.121	11.938	4.060	6.492
364 Day T-Bill	9.110	12.999	4.980	7.538
Inflation Data	6.06	3.00	3.40	8.50

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.90	107.30
GBP		132.15	134.15
EUR		115.00	117.00
CHF		109.10	111.10
JPY		0.9880	1.0060
ZAR		5.00	6.00
INR		-	1.4250
CNH		-	16.60
RWF		5.00	12.00

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	1522.00
Murban Crude Oil	USD/barrel	17.04
Coffee	US Cents/lb.	107.23
Wheat	US Cents/Bushel	529.25
Corn	US Cents/Bushel	321.62

PART III: EQUITIES AND BOND TRADING

For the week ending 24th April 2020

WEEKLY MARKET COMMENTARY

During the Friday session, the NSE All Share index declined by 1.28% to close at 135.78 basis points. Week on week, the index has had an overall 0.11% decline. The NSE20 and the NSE25 share indices shed 0.15% and 0.65% to close at 1,967.84 and 3,175.45 respectively at the close of the day's session. The turnover at the NSE was fairly standard with KES 1.02 billion worth of shares exchanged as compared to Thursday's turnover of KES 1.08 billion. Market volume during the Friday session doubled to at 32.9 million shares traded as compared with the previous session. Foreign investor activity took an offensive in Friday's session with foreign investor participation standing at 56.7% as compared to Thursday's 14%. Foreigners were net sellers, accounting for 88% of the day's total sales and 26% of the day's purchases with a focus on the top traded counters.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	135.78	-1.28	-18.41
NSE20	1,967.84	-0.15	-25.86
NSE25	3,175.45	-0.64	-22.56
FTSE NSE25	178.32	-1.18	-22.30

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,075.2	2,102.4
Turnover (KES, millions)	1,024.3	1,082.2
Volume (millions)	32.86	16.18
Foreign Buys (%)	25.66	7.33
Foreign Sales (%)	87.77	20.58

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD2/2007/15	13.5000	10.3000	100.00
FXD1/2019/20	12.8730	13.1000	140.00
FXD1/2018/25	13.4000	13.5500	300.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Equity Group Holdings Plc	9.1	314.77	34.60
KCB Group Plc	8.5	310.50	36.60
Safaricom Plc	9.8	268.91	27.55

Source: Faida Investment Bank



PART IV: WEEKLY SUMMARY OF DEALS AND INSIGHTS

For the week ending 24th April 2020

EAST AFRICA DEALS OF THE WEEK & FUNDRAISING ANNOUNCEMENTS

Target Company / Fund	Acquirer Company/Investor	Deal Type	Synopsis	Deal Value (USD Million)	Sector	Country/Region
Limbua	DEG	Debt	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.	Undisclosed	Agriculture	Kenya
AfricInvest	AfDB	PE Fundraising	AfricInvest's FIVE fund, a financial inclusion investment vehicle, received a USD 15 Million commitment from AfDB. FIVE is an evergreen platform for investing in financial institutions in Africa.	15	Financial Services	Sub - Saharan Africa

IMPACT OF GLOBAL OIL PRICE MOVEMENTS IN KENYA

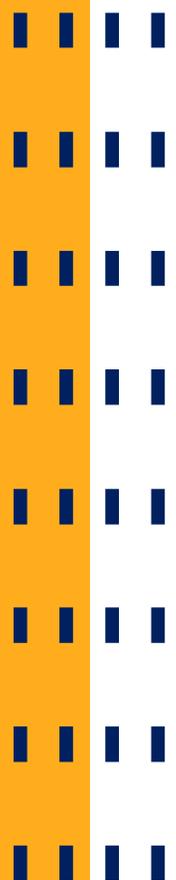
On 20th April 2020, oil prices in the United States for the first time in history touched sub - zero levels amid a collapse in demand due to the coronavirus pandemic. We present an analysis of the oil market and what this historic market crash means for the Kenyan economy.

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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