



**i&M** Burbidge Capital

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# MARKET UPDATE BULLETIN

2<sup>ND</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.

## IMBC Thought of the day

*We recommend enhanced internal communication within the business at this time. Not only should there ideally be daily interaction between senior management and the rest of the team, via existing or special reporting lines, but also between CEO and board. It is ideal for CEOs to be giving boards at least weekly updates on the business and how it is coping. This is not easy at a time when there are a lot of additional pressures as well as the usual things, and probably means a lot of the prep work for the updates being done out of hours. That way it should not interfere with the CEO continuing to run the business.*

# PART I : DEALS & CORPORATE DEVELOPMENTS

Kenya

## Deals

### **Vital Capital launches debt facility to offer critical funding to African companies**

Vital Capital, an impact investor focused on companies in sub-Saharan Africa, has announced a new debt facility providing loans to promising businesses to help them get through the coronavirus pandemic while continuing to offer essential services. The vehicle is initially launching in Kenya and Uganda and eventually expand into West Africa.

Source: Africa Private Equity News

## Markets

### **Investors turn to gold in bear market**

The gold derivative at the Nairobi Securities Exchange (NSE) recorded its highest ever traded volume of 40,600 units on Tuesday as investors eyed the safe haven metal as an alternative to battered shares. The Absa NewGold ETF thus saw a turnover of KES 66 million, all from foreign investors, activity that was in sharp contrast to its trading history when it has gone for multiple sessions without a single trade.

Source: Business Daily

## Economy

### **Consumer goods fall on low VAT**

The cost of basic goods like detergents, cooking oil, electricity, airtime and services like pay TV subscriptions have dropped marginally after the Treasury's measure to reduce the Value-Added Tax rate from 16 % to 14% kicked in Wednesday.

Source: Business Daily

Regional

## Markets

### **DSE facing tough times as foreign investors stay away**

The Dar es Salaam Stock Exchange is facing tough times as the All Share Index dropped by almost 16 per cent in the past month, total turnover was TZS 5 Million (\$2,500), prices per share fell for listed firms, and there was little foreign participation. By close of business on Wednesday, the DSE had recorded a total turnover of TZS 5.83 Million (\$2,521.41) from 5,005 shares traded in 10 deals.

Source: The East African

## Quote of the day

"When there's change, there's opportunity."  
-Jack Welch.

# PART II: TREASURY UPDATE – 01.04.20

## LOCAL MARKET – KENYA SHILLING

The Kenyan Shilling was steady against the Dollar on Wednesday to close at 105.70/106.20. The NSE 20 share index edged higher by 1.82 points to close at 1,967.93 while in the secondary market, bonds worth KES 1.11 Billion were transacted.

## INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Wednesday as demand for the currency grew amid the coronavirus pandemic that has caused huge global disruptions. Demand for the currency grew as President Trump asked Americans to brace for a painful two weeks as the deaths arising from the COVID-19 pandemic are expected to be in the range 100,000 to 240,000 fatalities. The Manufacturing PMI did little to affect the currency as it gave a low reading of 48.5 against a forecast of 49.2. The Manufacturing Purchasing Managers Index is an important indicator of business conditions and the overall economic condition in the US. EUR edged lower by 0.2% to close at 1.0924 on the back of negative data that showed the Euro-Zone Manufacturing PMI dipped to 44.5 against a previous reading of 44.8, Euro-Zone Unemployment Rate dipped to 7.3% from 7.4% and the EUR German Manufacturing PMI gave low readings of 45.4 against a previous reading of 45.7. The manufacturing PMI is an indicator for the overall performance of the manufacturing sector. GBP was steady and closed at 1.2832 despite the U.K PMI data revealing that British manufacturing output and new orders slumped at the fastest rates since mid-2012. The UK's manufacturing PMI fell to 47.8 from the earlier readings of 51.7.

In the US stock market; the Dow Jones Industrial Average settled 973.65 points lower to close at 20,943.51; the S&P 500 shed 114.09 points to close at 2,470.50 while the Nasdaq Composite closed lower by 339.52 points at 7,360.58.

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	4.775	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		104.60	106.30
GBP		129.50	132.70
EUR		114.00	117.60
CHF		107.10	111.00
JPY		0.9650	0.9960
ZAR		5.30	6.20
INR		-	1.4100
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	1499.50
Murban Crude Oil	USD/barrel	56.56
Coffee	US Cents/lb.	116.00
Wheat	US Cents/Bushel	552.25
Corn	US Cents/Bushel	336.75



# PART II: EQUITIES AND BOND TRADING – 01.04.20

## MARKET COMMENTARY

The NSE All share and the NSE 20 share indices had a marginal gain of 1.01% and 0.09% to close at 1,967.93 and 133.25 respectively. Market turnover declined by 41.3% settle at KES 473.5 million against KES 804 million recorded on Tuesday on the back of reduced selling pressure on the blue-chip counters. Volumes traded declined as well with 16.9 million shares traded against 26.90 million in the previous session. Foreign investors continued to dominate the market in the day's session. The demand on Safaricom continued to build as markets remain optimistic; this as the company's new CEO Mr. Peter Ndegwa took up the Company's helm on Wednesday. The secondary bond market recorded a further decline in activity, with bonds worth KES 1.1 billion traded as compared to KES 1.4 billion recorded in the previous session. The number of deals in the bonds market also declined to 66 from 94 deals clinched on Tuesday.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	133.25	1.01	-19.93
NSE 20	1967.93	0.09	-25.86
NSE 25	3126.53	0.56	-23.75
FTSE NSE 25	174.54	0.66	-23.94

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2036.40	2016.10
Turnover (KES, millions)	473.54	739.24
Volume (millions)	16.91	26.90
Foreign Buys (%)	73.33	64.64
Foreign Sales (%)	92.75	94.23

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2019/5	11.304	11.050	200.00
FXD1/2018/25	13.400	13.400	200.00
IFB1/2019/16	11.750	11.300	300.00

## MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	9.82	264.38	26.45
KCB Group Plc	2.40	83.58	34.90
Equity Group Holdings	2.22	75.11	33.90

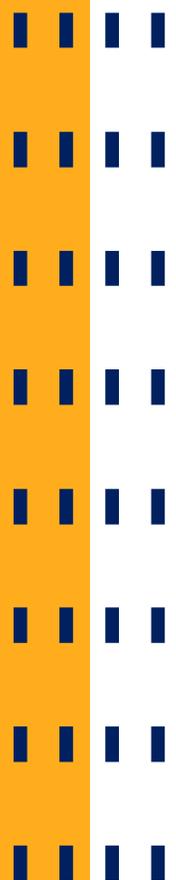
Source: Faida Investment Bank



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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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