



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

8th MAY 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

"What makes innovative thinking happen?... I think it's really a mindset. You have to decide."

- Elon Musk

PART I : DEALS & CORPORATE DEVELOPMENTS

8th May 2020

Kenya

Markets

Schemes dump NSE stocks for risk-free bonds

Pension schemes' appetite for riskier investments reduced to 22% in the first quarter from 39% reported in the previous quarter owing to the Covid-19 pandemic. The 2020 first quarter Zamara Consulting Actuaries Schemes Survey (Z-CASS) report shows schemes took the 'cash' flight to avert loss of value by reducing stakes in listed companies.

Source: Business Daily

CMA pushes for stocks trade on mobile phones

The Capital Markets Authority (CMA) is proposing to completely transform transactions in shares and bonds into electronic or e-mobile platforms where clients use phones for registration, trading and receiving cash. This is intended to cope with situations like the current Covid-19 pandemic where many people are confined at home and have difficulty carrying out stock market transactions without meeting brokers or investment advisers.

Source: Business Daily

Economy

Kenya business deals hit 30-month low on Corona

Kenya's private sector activity plunged in March to its lowest level since November 2017 as the global coronavirus pandemic hit consumer demand and forced businesses to shed jobs and cut back on their operations. The Market Stanbic Bank Kenya Purchasing Managers' Index (PMI)—which tracks business performance in the manufacturing and services sector-- fell to 34.8 in April from 37.5 in March from 49.0 in February.

Source: Business Daily

Corporate

Kenya's biggest banks restructure KES 176 Billion loans on coronavirus

Kenya's seven largest banks in April restructured loans worth KES 176 Billion or 6.2% of the industry's total gross loan book of KES 2.8 Trillion, underlining the economic fallout from the spread of the coronavirus that has hurt borrowers' ability to repay. Early indications of the impact of the crisis on the banking sector was disclosed by the Central Bank of Kenya (CBK) to the Senate Ad Hoc Committee on the Covid-19 Situation.

Source: Business Daily

Regional

Deals

Goodwell invests in East Africa Fruits

East Africa Fruits Co., a Tanzanian company addressing food distribution challenges to improve efficiencies in the farm-to-market sector, has closed series A equity funding totaling USD 2.05 million. The fundraising round was led by Goodwell Investments with participation from FINCA Ventures and Elea. This investor capital accelerates East Africa Fruits' ability to build essential supply chain infrastructure.

Source: African Private Equity

PART II: TREASURY UPDATE

7th May 2020

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Thursday to close at 105.70/106.20. The NSE 20 share index edged lower by 18.89 points to close at 2,041.22 while in the secondary market, bonds worth KES 2.2 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Thursday on the back of negative data that showed the quarter-on-quarter Nonfarm Productivity fell to -2.5% from 1.2% and Initial Jobless Claims spiked to 3.169 million for the week ended May 2 against a forecast of 3 million bringing total claims since late March to 33.5 million. The Private Nonfarm Payrolls data due later in the day is expected to show a historic hit to the U.S. labour market as the forecast is it will have plunged by 22 million in April, which would blow away the record dive of 800,000 seen during the 2007-2009 recession. EUR was steady at 1.0835 on news that the month-on-month German Industrial Production data dipped to -9.2% from 0.3%. GBP traded mixed on Thursday to close at 1.2247 which is a 0.6% decline. This was after BoE held rates steady at 0.1% and announced no further stimulus by holding its quantitative easing program at £200 billion. The currency, however, dipped when the month-on-month U.K. Halifax House Price Index dipped to -0.6% from -0.3%. The Halifax House Price Index measures the change in the price of homes and properties and it's important because rising house prices attract investors and spur industry activity. Now market will await the government's directive on possible changes to social restrictions on Sunday.

In the US stock market; the Dow Jones Industrial Average edged higher by 211.25 points to close at 23,875.89; the S&P 500 gained 32.77 points to close at 2,881.19 while the Nasdaq Composite gained 125.27 points to close at 8,979.66.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.242	8.700	3.628	6.360
182 Day T-Bill	8.134	10.500	4.205	6.399
364 Day T-Bill	9.115	11.150	4.973	7.625
Inflation Data	5.62	3.20	3.40	8.50

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		104.80	106.50
GBP		127.00	133.00
EUR		112.00	116.30
CHF		106.00	110.50
JPY		0.9800	1.0200
ZAR		5.20	6.20
INR		-	1.4260
CNH		-	17.00
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	1485.00
Murban Crude Oil	USD/barrel	22.74
Coffee	US Cents/lb.	109.00
Wheat	US Cents/Bushel	521.75
Corn	US Cents/Bushel	319.25



PART III: EQUITIES AND BOND TRADING

7th May 2020

MARKET COMMENTARY

The NSE All share index shed 3.66% to close the day at 142.80 basis points in Thursday's trading session. The NSE20 and the NSE25 share indices also lost ground and shed 0.92% and 3.21% to close the day at 2,041.22 and 3,399.29 points respectively. The day's turnover retreated to close at KES 1.07 billion against the previous turnover of KES 1.64 billion. The number of shares changing hands on the market declined as well, with 19.6 Million shares traded against yesterday's 37.7 million shares. Foreign investors dominated Thursday's session, accounting for 80.3% of the day's total activity, with 78.7% of the day's purchases and 82% of the day's sales attributed to foreign investors. The secondary bond market recorded growth in activity with bonds worth KES 2.27 billion transacted in 94 deals vis á vis the turnover of KES 1.57 billion achieved in the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	142.80	-3.66	-14.19
NSE20	2,041.22	-0.92	-23.10
NSE25	3,399.29	-3.21	-17.10
FTSE NSE25	192.21	-3.94	-16.24

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,182.7	2,265.7
Turnover (KES, millions)	1,074.9	1,641.5
Volume (millions)	19.56	37.70
Foreign Buys (%)	78.65	54.85
Foreign Sales (%)	82.01	67.93

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2019/5	11.3040	11.1700	500.00
FXD1/2018/20	13.2000	13.0500	200.00
IFB1/2019/16	11.7500	12.4500	617.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
BAT Kenya Plc	1.80	566.67	315.00
Safaricom Plc	6.66	192.35	28.90
Equity Group Holdings Plc	4.53	180.04	39.70

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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