



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

12<sup>th</sup> 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

*"I think it's very important to have a feedback loop, where you're constantly thinking about what you've done and how you could be doing it better."*

- Elon Musk

## PART I : DEALS & CORPORATE DEVELOPMENTS

12<sup>th</sup> May 2020

Kenya

### Market

#### **Kenya shilling slumps as forex reserves dip**

Kenya's foreign exchange reserves have shrunk to the point of breaching the regional statutory threshold as diaspora remittances – the country's key source of forex – dry up in the wake of the Covid-19 pandemic, putting the shilling under intense pressure. Central Bank data shows that the country's forex reserves haven fallen 13% in the past four months.

Source: *The East African*

### Economy

#### **Insurers seek to cap Corona bills payouts**

Insurance companies are seeking to limit the amount of money they can pay for each claim arising from the treatment of Covid-19 as the underwriters face the possibility of increased expenses related to the respiratory disease that could push them into losses. Industry players have been meeting to develop a joint response to the directive by the Insurance Regulatory Authority (IRA) that all COVID-19 claims be settled.

Source: *Business Daily*

### Corporate

#### **Scangroup set for KES 480 Million more from unit stake sale**

Marketing services firm Scangroup could receive an additional KES 480 million from the disposal of its 60 percent stake in its subsidiary Kantar Africa. The extra compensation is in the form of profit-sharing in the unit for the period leading up to the conclusion of the transaction and payouts tied to the unit's indebtedness.

Source: *Business Daily*

# PART II: TREASURY UPDATE

## 11<sup>th</sup> May 2020

### LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Monday to close at 106.10/106.50. The NSE 20 share index edged higher by 19.24 points to close at 2,053.95 while in the secondary market, bonds worth KES 2.6 billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Monday on the back of increased demand for the currency and higher U.S Treasury yields. The ten-year U.S. Treasury yields rose to 0.718% after the government prepared to borrow an additional USD 3 trillion to protect the economy from the effects of COVID-19. EUR was lower by 0.26% to close at 1.081 out of a strong dollar and fears of a second wave of COVID-19. This was after Germany reported on Monday that new coronavirus infections were accelerating exponentially after early steps to ease its lockdown. GBP also fell on Monday by 0.7% to close at 1.2324 after Prime Minister Boris Johnson's public address about his government's plan to ease the nationwide lockdown lacked clarity on what employers should do to ensure the safety of workers and thus making leaders of Scotland, Wales and Northern Ireland say they were sticking with the existing "stay-at-home" message. Brexit fears also added to the currency woes.

In the US stock market; the Dow Jones Industrial Average edged lower by 109.33 points to close at 24,221.99; the S&P 500 gained 0.52 points to close at 2,930.19 while the Nasdaq Composite gained 71.02 points to close at 9,192.34.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.253	9.3	3.627	6.32
182 Day T-Bill	8.151	10.8	4.205	6.5
364 Day T-Bill	9.161	11.3	4.974	7.843
Inflation Data	5.62	3.2	3.3	8

### KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.25	106.65
GBP		128.00	132.00
EUR		112.60	116.30
CHF		107.50	110.50
JPY		0.9700	1.0000
ZAR		5.20	6.20
INR		-	1.4260
CNH		-	17.60
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	1497.50
Murban Crude Oil	USD/barrel	21.32
Coffee	US Cents/lb.	110.75
Wheat	US Cents/Bushel	513.00
Corn	US Cents/Bushel	317.50

# PART III: EQUITIES AND BOND TRADING

11<sup>th</sup> May 2020

## MARKET COMMENTARY

The NSE All share and the NSE25 share indices shed 0.16% and 0.11% on Monday to close the day at 140.65 and 3,349.38 basis points respectively. The NSE20 share index was however higher, gaining 0.95% to close the day at 2,053.95 points. The market opened the week with a decline in activity with 16.1 million shares valued at KES 531.8 million changing hands; an 18% decline in turnover from the KES 645.5 million achieved during Friday's trading session. Foreign investors dominated the day's trading session, accounting for 67.2% of the day's traded value, maintaining a net selling position at 92.6% of the day's sale transactions and 40.9% of the day's purchases. Foreign investor activity was heavy on Safaricom which was the day's biggest mover with 7.6 million shares valued at KES 217 million, accounting for 40.94% of the day's traded value.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	140.65	-0.16	-15.48
NSE20	2,053.95	0.95	-22.62
NSE25	3,349.38	-0.11	-18.59
FTSE NSE25	188.77	0.53	-17.74

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,149.8	2,153.2
Turnover (KES, millions)	531.82	645.5
Volume (millions)	16.12	15.54
Foreign Buys (%)	41.85	65.31
Foreign Sales (%)	92.62	91.73

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD2/2010/10	9.3070	8.4000	503.8
IFB1/2014/12	11.0000	10.6000	500.00
IFB1/2018/20	11.95000	12.6000	353.55

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	7.69	217.72	28.30
Equity Group Holdings Plc	3.92	151.20	38.60
East African Breweries Plc	0.71	120.53	170.00



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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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