



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

13th 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

"Never ever compete on prices, instead compete on services and innovation"
- Jack Ma

PART I : DEALS & CORPORATE DEVELOPMENTS

13th May 2020

Kenya

Market

Amount of cash in circulation continues on downward trend

The cash in circulation fell by KES 23.9 billion or nearly 10 percent in February compared to the same month last year, accelerating a trend also seen in the first month of the year. The Central Bank of Kenya (CBK) data showed the cash in circulation stood at KES 241.96 billion in February down from KES 265.87 billion last year. This decline was an equivalent of nine percent.

Source: Business Daily

Corporate

KCB restructures KES 80 billion loans on corona cash crunch

KCB Group has restructured loans worth KES 80 billion in Kenya, offering reprieve to customers who found it difficult to repay their loans due to the impact of the coronavirus. The amount is equivalent to 15 percent of KCB's KES 535.3 billion total loan book as of December 2019. It also represents 45 percent of the total KES 176 billion loans renegotiated with the country's top seven largest lenders including Equity Group, Co-op Bank and NCBA Group.

Source: Business Daily

SGR cargo trains down 50pc as pandemic chokes trade

Pressure on the international trade and more restrictions around port operations have seen the number of cargo trains on the Standard Gauge Railway fall by half in the first four months of the year as the Coronavirus continues to bite off a chunk of the economy.

Source: Business Daily

PART II: TREASURY UPDATE

12th May 2020

LOCAL MARKET

The Kenyan Shilling ceded some ground against the Dollar on Tuesday to close at 106.55/106.95. The NSE 20 share index edged lower by 14.96 points to close at 2,038.99 while in the secondary market, bonds worth KES 1.4 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Tuesday as market feared that the Federal Reserve may implement negative interest rates. This was after President Trump called on the Federal Reserve to do more easing to give the U.S economy the boost it needs during the current pandemic. Negative data also added to the currency's woes as the year-on-year U.S CPI and U.S CPI Ex Food & Energy fell to 0.3% from 1.5% and 1.4% from 2.1% respectively. EUR was higher by 0.3% to close at 1.0843 as Germany announced measures to ease Covid-19 restrictions to stem effects it's on the economy. GBP edged lower by 0.2% to close at 1.2341 as confusion continued over the government plans to ease the lockdown and Brexit fears. The U.K is hard-pressed as it shows little sign of extending its deadline thus risking the possibility of a no-deal Brexit should trade talks with the EU fail.

In the US stock market; the Dow Jones Industrial average edged lower by 457.21 points to close at 23,764.78; the S&P 500 shed 60.20 points to close at 2,870.12 while the Nasdaq Composite shed 189.79 points to close at 9,002.55.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.253	9.300	3.629	6.320
182 Day T-Bill	8.151	10.800	4.205	6.500
364 Day T-Bill	9.161	11.300	4.974	7.843
Inflation Data	5.62	3.20	3.30	8.00

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.80	107.10
GBP		128.00	132.80
EUR		113.00	117.00
CHF		108.00	111.50
JPY		0.9800	1.0100
ZAR		5.20	6.20
INR		-	1.4400
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	1477.50
Murban Crude Oil	USD/barrel	20.12
Coffee	US Cents/lb.	107.35
Wheat	US Cents/Bushel	510.25
Corn	US Cents/Bushel	321.50

PART III: EQUITIES AND BOND TRADING

12th May 2020

MARKET COMMENTARY

At the close of Tuesday's trading session, the benchmark NSE All Share Index was down 0.87%, shedding 1.23 points to close the day at 139.42 basis points. The NSE20 and the NSE25 share indices also lost ground, declining by 0.73% and 0.87% to close the day at 2,038.99 and 3,320.1 basis points respectively. Market turnover soared 175% on increased activity on the blue-chip stocks to close at KES 1.644 billion against the previous close of KES 531 million. Safaricom was the day's top mover, with 24 million shares valued at KES 676 Million changing hands; this represented 41.16% of the day's traded value. Foreign investors maintained a net selling position, accounting for 97.14% of the day's sales and 33.8% of the day's purchases. Foreign activity was high on Safaricom and BAT Kenya Plc. The bond market recorded a decline in turnover with bonds worth KES 1.44 billion having been traded in 119 deals concluded during today's trading session. This was lower, as compared to the KES 2.66 billion turnover achieved in the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	139.42	-0.87	-16.22
NSE20	2,038.99	-0.73	-23.18
NSE25	3,320.10	-0.87	-19.03
FTSE NSE25	186.4	-1.26	-18.78

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,131.00	2,149.80
Turnover (KES, millions)	1,644.80	531.82
Volume (millions)	44.27	16.12
Foreign Buys (%)	33.83	41.85
Foreign Sales (%)	97.14	92.62

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.304	11.35	300
FXD1/2018/25	13.4	13.5	300
IFB1/2019/16	11.75	12.35	252

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	24.18	676.94	28
Equity Group Holdings Plc	10.12	376.76	37.6
BAT Kenya Plc	0.9	283.52	315



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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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