



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

14th 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

"The riskiest thing we can do is just maintain the status quo."

- Bob Iger



PART I : DEALS & CORPORATE DEVELOPMENTS

14th May 2020

Kenya

Economy

Petrol posts biggest price fall in 13 years

Diesel prices are Thursday expected to fall by close to KES 20 a litre - the largest margin in 13 years - while motorists are expected to enjoy cheaper super petrol, whose pump price is set to fall by KES 10.59 a litre on lower global crude prices.

Source: Business Daily

Kenya continues its pipeline plan as oil prices drop

Kenya is forging ahead with its plan to build a KES 121.45 billion pipeline from Lokichar to Lamu to boost its crude oil exports despite the concern over falling prices of the commodity in the global market. Budget estimates show that the State Department for Petroleum plans to spend KES 648.5 million in the financial year starting July 1 on the oil pipeline.

Source: Business Daily

Corporate

Moody's downgrades Acorn KES 5 Billion hostels

Global ratings agency Moody's has changed the outlook of local student hostel developer Acorn Group's KES 5 Billion green bond facility to negative from stable, citing the recent downgrade of Kenya's sovereign outlook and potential hit on demand due to the coronavirus outbreak.

Source: Business Daily

Regional

Deals

FMO proposes USD 15 Million investment in Rwandan bank

Dutch development financier FMO has proposed a USD 15 million investment in I&M Bank Rwanda. I&M Rwanda is part of the I&M Group, a financial services provider in East-Africa and long-standing partner of FMO.

Source: African Private Equity News

Economy

BoT moves to reduce cost of loans, raises mobile transactions limit

The Bank of Tanzania has lowered its benchmark lending rate from 7% to 5% to cushion banks from Covid-19 impact. BoT Governor Prof Florens Luoga in a statement on Tuesday said the policy change aims to provide additional space for banks to "borrow at a lower cost thus signaling lower rates by banks."

Source: The East African

Global

EU's revised list includes Mauritius among high risk jurisdictions

On 7 May 2020 Mauritius was added to the EU list of high-risk third countries. This follows the adoption of a new delegated regulation by the EU in relation to third countries which have strategic deficiencies in their 'anti-money laundering/ combat the financing of terrorism' regimes (AML/CFT) and that pose significant threats to the financial system of the Union.

Source: European Commission

PART II: TREASURY UPDATE

13th May 2020

LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Wednesday to close at 106.50/106.90. The NSE 20 share index edged lower by 42.71 points to close at 1,996.28 while in the secondary market, bonds worth KES 1.8 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Wednesday after Federal Reserve chair Jerome Powell rejected the possibility of negative rates as a stimulative tool and added that it wasn't something the policy-setting committee was looking at the moment. Negative data did little to the currency after the year-on-year US PPI and PPI Ex Food & Energy dipped to -1.2% from 0.7% and 0.6% from 1.4% respectively. EUR closed at 1.085 as negative data hit the currency. The year-on-year Euro-Zone Industrial Production dipped to -12.9% from 2.2%. GBP edged lower by 0.18% to close at 1.2207 on the back of negative data. The year-on-year and quarter-on-quarter U.K GDP dipped to -1.6 from 1.1% and -2.0% from 0.0% respectively. Year-on-year Manufacturing Production and Industrial Production also dipped to -9.7% from -4.3% and -8.2% from 2.8% respectively.

In the US stock market; the Dow Jones Industrial Average edged lower by 56.81 points to close at 23,247.97; the S&P 500 shed 50.12 points to close at 2,820.00 while the Nasdaq Composite shed 139.38 points to close at 8,863.17.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.253	9.300	3.628	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		105.70	107.00
GBP		127.00	131.50
EUR		112.00	117.00
CHF		107.00	111.50
JPY		0.9800	1.0200
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	1480.00
Murban Crude Oil	USD/barrel	20.89
Coffee	US Cents/lb.	105.05
Wheat	US Cents/Bushel	499.25
Corn	US Cents/Bushel	318.00



PART III: EQUITIES AND BOND TRADING

13th May 2020

MARKET COMMENTARY

The benchmark NSE All share index was down 1.47%, shedding 2.05 points to close Wednesday's trading session at 137.37 basis points. Similarly, the NSE20 and the NSE25 share indices declined by 2.09% and 2.10% to close the day at 1,996.28 and 3,250.40 basis points respectively. Turnover stood at KES 631 million, a decline from Tuesday's turnover of KES 1.64 billion. Trading Volumes declined with 25 million shares changing hands against the 44.3 million shares traded in the previous trading session. There was sustained activity on the market from both foreign and local investors. Foreign investors assumed a net selling position, accounting for 68.80% of the day's sales, and 31.6% of the day's purchases. The bond market recorded a rise in turnover with bonds worth KES 1.80 billion traded in 97 deals concluded during the day's session as compared to the KES 1.44 billion transacted in the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.37	-1.47	-17.45
NSE20	1,996.28	-2.09	-24.79
NSE25	3,250.40	-2.10	-20.73
FTSE NSE25	183.58	-1.71	-20.01

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2013/10	12.3710	10.6500	135.00
IFB1/2019/25	12.2000	12.8500	467.10
IFB1/2019/16	11.7500	12.3500	500.00

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,099.5	2,131.0
Turnover (KES, millions)	630.8	1,644.8
Volume (millions)	24.97	44.27
Foreign Buys (%)	31.61	33.83
Foreign Sales (%)	68.80	97.14

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	10.50	291.70	27.80
Equity Group Holdings Plc	4.03	144.79	35.90
East African Breweries Plc	0.37	61.54	165.70

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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