



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

15th 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

"People work better when they know what the goal is and why. It is important that people look forward to coming to work in the morning and enjoy working."

- Elon Musk

PART I : DEALS & CORPORATE DEVELOPMENTS

15th May 2020

Kenya

Market

Moody's downgrades banks on Treasury bond exposure

Top banks' large exposure to government securities poses a risk to their credit profile, global ratings agency Moody's has warned, citing the link between their rating and that of the State now with a negative outlook. The agency, however, says the banks retain resilient financial profiles despite a challenging operating environment, thanks to their deposit-funded profiles, strong liquid assets and high profitability.

Source: Business Daily

Economy

Card payments up KES 1.6 billion despite corona demand slump

The value of payments made through cards grew by KES 1.64 billion in the first three months of the year as the COVID-19 pandemic discourage cash handling. Central Bank of Kenya (CBK) data shows that transactions via credit, debit cards and point-of-sale (PoS) machines hit KES 165.56 billion in the first quarter of 2020 compared to KES 163.91 Billion of the same period last year.

Source: Business Daily

Corporate

Agency injects KES 14 billion to revive fish farming

Kenya has commissioned commercialisation of aquaculture farming with a KES 14 billion loan to boost productivity amid dwindling production and a freeze on the Chinese market that used to supplement the local market. The loan from the International Fund for Agriculture Development (IFAD) will support farmers along the fish value chain.

Source: Business Daily

International

Economy

South African Reserve Bank to cut rates by another 50 basis points

The South Africa Reserve Bank is expected to cut interest rates by 50 basis points on May 21 to a record low of 3.75% to ease the pain of the country's recession, as this quarter shows signs of a steep downturn due to limited economic activity.

Source: African Reuters

PART II: TREASURY UPDATE

14th May 2020

LOCAL MARKET

The Kenyan Shilling ceded some ground against the Dollar on Thursday to close at 106.75/107.15. The NSE 20 share index edged lower by 26.26 points to close at 1,970.02 while in the secondary market, bonds worth KES 1.8 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar eased on its strengthening spree on Thursday on the back of simmering U.S.-China tensions. This was after President Trump said in an interview that he could cut ties with China after they failed to contain the Coronavirus. Negative data also hit the currency after the month-on-month Export Price Index and Import Price Index dipped to -3.3 from -1.7 and -2.6% from -2.4% respectively. EUR was lower by 0.1% to 1.0807 on the back of negative data as Germany's inflation continued to fall below the ECB target. The year-on-year German CPI dipped to 0.9% from 1.4% despite the month-on-month German CPI moving higher to 0.4% from 0.1%. CPI is an index that measures the changes in the price of goods and services purchased by consumers and is the main indicator to measure inflation and changes in purchasing trends. GBP edged lower by 0.3% to 1.2166 on the back of negative news that the U.K government refused to extend the Brexit deadline beyond December 2020 and to compromise on its trade negotiations with the E.U. The U.K government has also been accused of doing too little to contain the coronavirus pandemic.

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	3.200	6.320
182 Day T-Bill	8.151	10.800	3.880	6.500
364 Day T-Bill	9.161	11.300	4.840	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		105.90	107.20
GBP		127.80	132.00
EUR		112.80	117.00
CHF		108.00	111.00
JPY		0.9800	1.0200
ZAR		5.20	6.20
INR		-	1.4330
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	1475.00
Murban Crude Oil	USD/barrel	25.89
Coffee	US Cents/lb.	106.70
Wheat	US Cents/Bushel	502.50
Corn	US Cents/Bushel	317.25

PART III: EQUITIES AND BOND TRADING

14th May 2020

MARKET COMMENTARY

The NSE indices continued to register a decline for the third trading day in a row with the FTSE NSE25 share index taking the largest hit during Thursday's trading session. The benchmark NSE All Share Index was down 2.31%, closing at 134.19 basis points. The NSE 20 and the NSE 25 share indices shed 1.32% and 2.52% to close at 1,970.02 and 3,168.62 points respectively. Market turnover for the day was down 30% to KES 439.4 million from the KES 631 million recorded in the previous session. Similarly, Volumes of shares on the market marginally declined, with 22.4 million shares changing hands as compared to 24.97 million traded shares at the end of Wednesday's session. Foreign Investors turned net-sellers in accounting for 86.4% of the day's total sales and 28.3% of the day's total purchase. Foreign activity was heavy on the sell-side for Thursday's top movers, notably, ABSA Bank Kenya and Safaricom Plc. Activity on the bond market recorded a marginal rise with bonds worth 1.86 Billion transacted in 80 deals as compared to the KES 1.80 billion recorded in the previous trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	134.19	-2.31	-19.36
NSE20	1,970.02	-1.32	-25.78
NSE25	3,168.62	-2.52	-22.97
FTSE NSE25	177.91	-3.09	-22.48

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,050.7	2,099.5
Turnover (KES, millions)	439.4	630.8
Volume (millions)	22.44	24.97
Foreign Buys (%)	28.30	31.61
Foreign Sales (%)	86.41	68.80

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2015/5	13.1930	7.3000	197.05
IFB1/2013/12	11.0000	10.6100	700.00
IFB1/2020/9	10.8500	11.7500	300.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	4.75	128.72	27.10
Absa Bank Kenya Plc	11.04	115.97	10.50
Equity Group Holdings Plc	1.67	56.33	33.70



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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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