



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

19th 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

"Success and profitability are the outcomes of focusing on customers and employees"

- Jack Ma

PART I : DEALS & CORPORATE DEVELOPMENTS

19th May 2020

Kenya

Market

Forex reserves swell to four-month high on IMF KES 79 Billion injection

The disbursement of the USD 739 million (KES 79 billion) economic support loan from the International Monetary Fund (IMF) has helped push the Central Bank of Kenya (CBK) forex reserves to the highest level in four months, promising support for the shilling, which has come under pressure against the dollar this year.

Source: *Business Daily*

Economy

Kenya woos importers with free storage at Naivasha ICD

Kenya has handed cross-border importers 30-day free storage at the newly-launched Naivasha inland container depot (ICD) as it moves to cut trucking distance and reduce exposure to Covid-19 within its territory. The free cargo storage period at the Naivasha ICD given by the Kenya Ports Authority (KPA) in a review unveiled Monday, is double the 14 days being offered to importers who choose to pick their cargo from Mombasa port or Nairobi ICD.

Source: *Business Daily*

Youth Fund halts loans recovery, CRB listing in virus fight

The Youth Enterprise Development Fund (YEF) has suspended recovery of loans and listing of defaulters with the credit reference bureaus to cushion beneficiaries from the impact of Covid-19 pandemic.

Source: *Business Daily*

Corporate

ARM in assets disposal spree to offset USD 284 Million debt

Troubled cement maker Athi River Mining (ARM) is seeking to dispose of its Rwanda and South African subsidiaries, bringing closer to de-listing of the Nairobi Securities Exchange (NSE) listed company. Administrators of the cement processor last year sold its flagship Kenyan business to a family-owned conglomerate, Devki Group, for an estimated USD 50 million.

Source: *The East African*

PART II: TREASURY UPDATE

18th May 2020

LOCAL MARKET

The Kenyan Shilling made some marginal gains against the Dollar on Monday to close at 106.70/107.10. The NSE 20 share index edged higher by 18.60 points to close at 1,993.90 while in the secondary market, bonds worth KES 1.9 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Monday on the back of reduced demand for the currency and as hopes of a potential vaccine for the Covid-19 came to light. It was noted that all 45 phase one trial participants developed antibodies to the virus after two doses. EUR was higher by 0.8% to close at 1.0911 as France and Germany proposed a USD 500 billion coronavirus relief program to support economic recovery in the EU despite Denmark and Netherlands showing their resistance to the program on fears that payment of the debt would be not evenly distributed. The funds to support the proposed stimulus programme would be raised by the European Commission through bonds. GBP edged higher by 0.1% to close at 1.2109 mostly based on Dollar weakness despite fears of negative interest rates hitting the currency and as Brexit fears lingered. A stalemate between The U.K and EU has raised the fears of a no Brexit deal after the end of the transition period as the U.K has stuck to its guns on its demands for its exit.

In the US stock market; the Dow Jones Industrial Average edged higher by 911.95 points to close at 24,597.37; the S&P 500 gained 90.21 points to close at 2,953.91 while the Nasdaq Composite gained 220.27 points to close at 9,234.83.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.266	8.700	3.627	6.320
182 Day T-Bill	8.192	10.500	4.205	6.500
364 Day T-Bill	9.173	11.150	4.973	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	107.20
GBP		127.50	132.00
EUR		114.00	118.00
CHF		108.00	111.00
JPY		0.9800	1.0100
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	1496.00
Murban Crude Oil	USD/barrel	27.76
Coffee	US Cents/lb.	107.75
Wheat	US Cents/Bushel	497.50
Corn	US Cents/Bushel	320.75

PART III: EQUITIES AND BOND TRADING

14th May 2020

MARKET COMMENTARY

The NSE All Share Index was up by 2.92% on Monday to close at 139.28 basis points. The NSE20 and the NSE25 share index were also up, gaining 0.94% and 2.27% to close at 1,993.9 and 3,252.26 points respectively. Turnover retreated to close the first day of trading this week at KES 337.8 million against Friday's turnover of KES 1.68 billion. Volume of shares traded was also lower, with 11.8 million shares changing hands as compared to the 37.4 million shares moved in the previous trading session. Foreign Investors were net-sellers in Monday's session, accounting for 87.5% of the day's total sales and 50.2% of the day's total purchasing activity. The bond market recorded a decline in activity with KES 1.95 billion worth of bonds traded in 96 deals as compared to the KES 2.97 billion achieved in the previous trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	139.28	2.92	-16.30
NSE20	1,993.90	0.94	-24.88
NSE25	3,252.26	2.27	-20.69
FTSE NSE25	184.72	3.17	-19.51

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,128.8	2,068.3
Turnover (KES, millions)	337.8	1,681.1
Volume (millions)	11.84	37.39
Foreign Buys (%)	50.18	50.09
Foreign Sales (%)	87.51	95.06

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2010/10	12.1800	11.2000	400.00
IFB1/2013/12	11.0000	10.4000	400.00
IFB1/2020/9	10.8500	11.7500	400.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Equity Group Holdings Plc	5.89	209.16	35.50
Safaricom Plc	2.05	59.32	28.90
East African Breweries Plc	0.11	18.69	165.00



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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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