



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

21<sup>st</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

21<sup>st</sup> May 2020

Kenya

### Deals

#### **Swiss DFI invests in Novastar Ventures Africa Fund II**

The Swiss Investment Fund for Emerging Markets (SIFEM) has revealed an USD 8 Million investment in the Novastar Ventures Africa Fund II, an impact fund, targeting venture capital (VC) investments in innovative early-stage businesses in East and West Africa.

Source: *African Private Equity News*

### Markets

#### **Bond turnover dips to year-to-date low at NSE**

Bond turnover in the secondary market at the Nairobi Securities Exchange (NSE) fell to its lowest level this year in April as activity across the market slowed down on tighter restrictions due to coronavirus pandemic. Market data shows turnover stood at KES 29.3 billion last month, more than half compared to the KES 65.7 Billion worth of securities traded in March.

Source: *Business Daily*

#### **State payments stabilise inter-bank liquidity, boost lending activities**

Liquidity in the market has remained stable on the back of government payments including value-added tax (VAT) refunds, cutting the rate at which the lenders borrow from one another to 4.22%. Central Bank of Kenya (CBK) data shows the average interbank rate was 4.22% on May 14 compared to 4.05% on May 7 as market operations in the banking sector remain active.

Source: *Business Daily*

International

### Markets

#### **South Africa's central bank to cut rates again, resist QE pressure for now**

South Africa's central bank is expected to cut interest rates to a 50-year low on Thursday but resist for the moment political pressure to buy government bonds so the state can spend more to alleviate the impact of the coronavirus pandemic. The Reserve Bank (SARB) will lower borrowing costs by 50 basis points to 3.75%, with a 100 bps cut seen as possible.

Source: *African Reuters*

# PART II: TREASURY UPDATE

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

### LOCAL MARKET

The Kenyan Shilling continued to trade within its recent range against the Dollar on Wednesday to close at 106.80/107.20. The NSE 20 share index edged higher by 1.66 points to close at 2,009.15 while in the secondary market, bonds worth KES 1.9 Billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

The Dollar was on a downward trend on Wednesday as demand for the currency eased and as the U.S-China tension persisted after President Trump accused China for poor handling of the Coronavirus. EUR was up by 0.54% to close at 1.0983 on the back of the positive news that France and Germany had agreed on a EUR 500 billion Recovery Fund for the EU economies. The fund will be managed by the European Commission on behalf of the EU and will offer grants to regions and sectors hit hardest by the coronavirus crisis. Negative data did little to stop the momentum of the currency as the year-on-year Euro-Zone CPI and Euro-Zone Core CPI dipped to 0.3% from 0.7% and 0.9% from 1.0% respectively. GBP edged higher by 0.1% to close at 1.2263 mainly on the back of Dollar weakness. On the data side, the UK inflation fell below 1%, which is its lowest in nearly four years. The year-on-year Core CPI and U.K CPI dipped to 1.4% from 1.6% and 0.8% from 1.5% respectively. With inflation rates below the BOE target of 2%, market is expecting negative interest rates to boost the economy which has been battered by the coronavirus.

In the US stock market; the Dow Jones Industrial Average edged higher by 369.04 points to close at 24,575.90; the S&P 500 gained 48.67 points to close at 2,971.61 while the Nasdaq Composite edged higher by 190.67 points to close at 9,375.78.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.266	8.400	3.254	6.320
182 Day T-Bill	8.192	10.200	3.964	6.500
364 Day T-Bill	9.173	11.000	4.785	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		106.00	107.50
GBP		127.50	132.00
EUR		114.50	118.00
CHF		108.50	112.00
JPY		0.9800	1.0200
ZAR		5.20	6.30
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)	6.25	6.50	7.00	7.25

### COMMODITY PRICES

	Unit	Close
Aluminum	USD/MT	1512.50
Murban Crude Oil	USD/barrel	29.13
Coffee	US Cents/lb.	105.65
Wheat	US Cents/Bushel	517.25
Corn	US Cents/Bushel	319.00

# PART III: EQUITIES AND BOND TRADING

20<sup>th</sup> May 2020

## MARKET COMMENTARY

The NSE All Share and the NSE25 share indices were down 0.10% and 0.42% to close Wednesday's trading session at 139.94 and 3,282.63 basis points respectively. The NSE20 share index, however, gained 0.08% to close at 2,009.49 basis points. The turnover stood at KES 264.5 million, a 54.8% decline as compared to the KES 585 million turnover recorded in the previous session. The number of shares traded on the market declined as well, with 9.6 million shares exchanging hands from the 19.2 million shares recorded on Tuesday. Bank of Kigali Group Plc moved 2.6 million shares valued at KES 48.9 million and closed 9.9% lower at KES 18.60 per share. Activity on the market was foreign investor dominated with foreign investors holding major positions on both the buy-side and sell-sides, and accounting for 88.7% of the day's total transactions. Foreign investor activity was high on the day's top movers, Safaricom, EABL and BK Group. The bond market registered a marginal decline in activity with bonds worth KES 1.91 billion traded in 77 deals as compared to the KES 1.98 billion worth of bonds traded in the previous trading session.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	139.94	-0.10	-15.91
NSE20	2,009.49	0.08	-24.31
NSE25	3,282.63	-0.42	-19.95
FTSE NSE25	185.41	-0.91	-19.21

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,138.9	2,150.2
Turnover (KES, millions)	264.5	584.8
Volume (millions)	9.63	19.24
Foreign Buys (%)	88.77	51.44
Foreign Sales (%)	88.54	62.50

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2014/10	12.1800	11.2000	500.00
FXD1/2009/15	12.5000	10.9000	300.00
IFB1/2018/20	11.9500	12.7500	200.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	3.73	108.16	29.00
East African Breweries Plc	0.50	81.70	163.00
Bank of Kigali Group Plc	2.62	48.90	18.60





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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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