



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

22<sup>nd</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

*"Keeping it simple for the consumer is incredibly dire."*  
- Bob Iger

## PART I : DEALS & CORPORATE DEVELOPMENTS

22<sup>nd</sup> May 2020

Kenya

### Deals

#### **ICEA Lion takes over Stanlib Fahari I-Reit**

ICEA Lion Asset Management has taken over the management of listed property fund Stanlib Fahari I-Reit after signing an agreement to acquire its former administrator Stanlib Kenya. Stanlib's operations included asset management and the running of the property fund and ICEA is assuming all these responsibilities.

Source: *Business Daily*

### Markets

#### **State revenue to 'fall KES 70 Billion on slowdown'**

The Treasury is likely to net lower revenues in the three-month period between April and June, when the fiscal year ends, resulting from reduced economic activity including trade volumes. According to an analysis by tax and financial advisory firm Deloitte, the revenues are projected to fall by KES 70.1 billion (USD 658 million) during the period even as amounts collected between January-March remained unknown.

Source: *Business Daily*

#### **Shares cost up as brokers charge 14% VAT on fees**

Stockbrokers have started charging the 14 percent value-added tax (VAT) on service fees and commissions after President Uhuru Kenyatta assented to the Tax Laws Amendment Act 2020 last month, raising the cost of investing in equities and securities at the NSE.

Source: *Business Daily*

### Corporate

#### **Equity restructures KES 92 Billion loans to ease coronavirus impact**

Equity Bank has restructured KES 92 billion of loans, equivalent to about 25 percent of its net loans at the end of last year, as the lender seeks to cushion customers who have been hit by the coronavirus crisis.

Source: *Business Daily*

# PART II: TREASURY UPDATE

## 21<sup>st</sup> May 2020

### LOCAL MARKET

The Kenyan Shilling shed some ground against the Dollar on Thursday to close at 106.95/107.35. The NSE 20 share index edged lower by 5.14 points to close at 2,004.01 while in the secondary market, bonds worth KES 1.9 Billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Thursday on the back of increased demand for the currency and as the U.S-China tensions flared. This was after China announced that it was going to impose strict national security laws for Hong Kong in response to last year's often violent pro-democracy protests at which the U.S said that it'll react strongly on the imposition of the laws. The Dollar also gained on news that the Manufacturing PMI and Markit PMI Composite went higher to 39.8 from 36.1 and 36.4 from 27.0 respectively. EUR was range-bound to close at 1.0956 on the back of positive news that showed the Euro-Zone PMI Manufacturing and Euro-Zone PMI Services edged higher to 39.5 from 33.4 and 28.7 from 12.0 respectively. The German PMI Composite and German Manufacturing PMI also went higher to 31.4 from 17.4 and 36.8 from 34.5 respectively. GBP dipped by 0.04% to close at 1.2232 as fears of negative interest rates hit the currency after inflation fell below the BOE target of 2%. BoE Governor Andrew Bailey said he was less opposed to negative interest rates than he was before the pandemic. Brexit fears also continue to dent the image of the currency as the U.K continues to take a tough stand.

In the US stock market; the Dow Jones Industrial Average edged lower by 101.78 points to close at 24,474.12; the S&P 500 shed 23.10 points to close at 2,948.51 while the Nasdaq Composite edged lower by 90.90 points to close at 9,248.88.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.266	9.100	3.255	6.264
182 Day T-Bill	8.192	10.650	3.964	6.657
364 Day T-Bill	9.173	11.000	4.786	8.155
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	107.40
GBP		127.50	132.00
EUR		114.50	118.50
CHF		108.50	112.00
JPY		0.9800	1.0200
ZAR		5.50	6.50
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	1521.00
Murban Crude Oil	USD/barrel	29.13
Coffee	US Cents/lb.	104.75
Wheat	US Cents/Bushel	510.75
Corn	US Cents/Bushel	316.75



# PART III: EQUITIES AND BOND TRADING

21<sup>st</sup> May 2020

## MARKET COMMENTARY

The NSE's benchmark indices lost ground on Thursday with the NSE All Share Index shedding 1.28 points to close at 138.66 representing a 0.9% decline from Wednesday's close. The NSE 20 and the NSE25 share indices declined by 0.26% and 1.04% to close at 2,004.01 and 3,248.43 basis points respectively. Turnover was higher at KES 586.5 million from trading in 17.7 million shares. This as compared to Wednesday's turnover of KES 265 million from trading in 9.6 million shares. Foreign Investors turned net-sellers accounting for 92.9% of the day's sales and just 33.84% of the day's purchases. Foreign investors maintained sell-side positions in Equity Bank and Safaricom Plc for the third consecutive trading session. Activity on the secondary bond market was relatively unchanged with bonds worth KES 1.94 billion traded, up marginally from the KES 1.90 Billion recorded in the previous trading session.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	138.66	-0.91	-16.68
NSE20	2,004.01	-0.26	-24.50
NSE25	3,248.43	-1.04	-20.78
FTSE NSE25	183.00	-1.30	-20.26

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,119.3	2,138.9
Turnover (KES, millions)	586.5	264.5
Volume (millions)	17.74	9.63
Foreign Buys (%)	33.84	88.77
Foreign Sales (%)	92.93	88.54

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD3/2016/5	13.1120	9.7000	350.00
FXD1/2014/10	12.1800	10.7500	500.00
IFB1/2018/20	11.9500	12.5000	200.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Equity Group Plc	3.73	134.21	35.95
Safaricom Plc	4.49	129.51	28.80
KCB Group Plc	3.00	108.16	36.00



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Originating and structuring Equity and Debt capital raising, IPOs, M&A transactions, Strategic Options advisory, PE advisory, Tax Advisory and other Corporate Finance Services.

#### Head Office

3rd Floor, Block A, Eldama Park  
Eldama Ravine Road, Westlands  
P.O Box 51525-00100  
Nairobi, Kenya  
Tel: +254 (0) 20 3221160

#### Kampala Office

4th Floor, Acacia Mall, 14-18  
Cooper Road, Kisementi  
Kampala, Uganda  
Tel: +256 (0) 794 476 967



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