



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

27th 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

"Progress is not inevitable. It's up to us to create it."
- Michael Bloomberg.

PART I : DEALS & CORPORATE DEVELOPMENTS

27th May 2020

Kenya

Markets

Inflation seen stabilising for rest of year amid Covid-19

Private sector players, banks and analysts expect Kenya's inflation to remain within the preferred CBK range for the rest of the year, with weaker demand and lower oil prices helping mitigate any Covid-19-related price increases. Inflation stood at 5.62% in April, up from 5.51% in March. The CBK's preferred range is 5% or minus 2.5%. The May inflation number will be released on Friday.

Source: *Business Daily*

Economy

Senate okays Bill for saccos to share information with CRBs

Savings and credit co-operative societies (Saccos) will be compelled to share information with credit reference bureaus (CRBs) after the Senate approved a Bill that seeks to amend the Sacco Societies Act, 2008. The Bill, which originated from the National Assembly last October, aligns the Sacco Societies Act, 2008, with the Banking Act and the Microfinance Act, 2008, bringing credit information sharing under a single regulatory framework.

Source: *Business Daily*

Global lenders back plan for SMEs loans guarantee scheme

The Central Bank of Kenya (CBK) has reached out to four international lenders in its effort to craft a credit guarantee scheme to help small and medium enterprises (SMEs) survive the coronavirus crisis. The institutions involved in the credit guarantee scheme include the World Bank, International Finance Corporation, European Investment bank and the African Development Bank.

Source: *Business Daily*

Regional

Deals

Zoscales Partners makes first investment in Ethiopia's healthcare sector

Zoscales Partners has made an investment into Pioneer Diagnostics Center (PDC), a diagnostic imaging service provider in Ethiopia. Fredd Kambo, the principal who led the deal for the East African private equity firm said, "Ethiopia currently has the lowest penetration of diagnostic imaging capacity per capita in East Africa. The demand for diagnostic services is growing due to increasing population and health consciousness."

Source: *African Private Equity News*

Economy

Tanzania inflation stable: report

Cost of living remained low in Tanzania in March despite the economic challenges brought on by the Covid-19 pandemic with the 12-month headline inflation easing to 3.4% from 3.7% in February. The Bank of Tanzania monthly economic review for April released last week reviewed the impact of the pandemic on various sectors of the economy in March when the first cases were reported in the country.

Source: *The East African*

PART II: TREASURY UPDATE

26th May 2020

LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Tuesday to close at 107.10/107.50. The NSE 20 share index edged lower by 5.28 points to close at 2,009.60 while in the secondary, bonds worth KES 2.4 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Tuesday as hopes for a Covid-19 vaccine re-ignited and as European economies started re-opening. U.S. biotech company Novavax announced that it had begun trials for a coronavirus vaccine in Australia as it awaits preliminary results from the Phase 1 clinical trial in July, and upon successful completion Phase 2 will be conducted in several countries, including the United States. EUR was higher by 0.83% to close at 1.0922 as countries started easing the Covid-19 lockdown and on the back of positive data. The German GfK Consumer Confidence edged higher to -18.9 from -23.1. The currency also gained on news that EU leaders are set to meet and deliberate on the Coronabond which is facing resistance from Austria, Denmark, Sweden and the Netherlands on the matter of repayment and it's classification as a loan and not a grant. GBP rose by 0.8% to close at 1.235 as Prime Minister Boris Johnson set out plans on easing Britain's coronavirus lockdown, including restrictions on retail if government tests are met. The currency also gained on news that the EU had softened its stance on fisheries in the Brexit negotiations.

In the US stock market; the Dow Jones Industrial Average edged higher by 529.95 points to close at 24,995.11; the S&P 500 gained 36.32 points to close at 2,991.77 while the Nasdaq Composite edged higher by 15.63 points to close at 9,340.22.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.319	8.400	3.253	6.264
182 Day T-Bill	8.227	10.200	3.963	6.657
364 Day T-Bill	9.195	11.000	4.786	8.021
Inflation Data	5.62	3.20	3.30	8.00

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		106.50	107.80
GBP		129.30	133.50
EUR		115.00	118.60
CHF		109.20	112.10
JPY		0.9800	1.0200
ZAR		5.60	6.50
INR		-	1.4350
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	1519.50
Murban Crude Oil	USD/barrel	28.83
Coffee	US Cents/lb.	105.10
Wheat	US Cents/Bushel	506.25
Corn	US Cents/Bushel	319.75



PART III: EQUITIES AND BOND TRADING

26th May 2020

MARKET COMMENTARY

The market took a downturn on Tuesday as banking sector counters released updates on changes to dividend payments. Equity Group, which was poised to pay a dividend of KES 2.50 per share, released a statement notifying investors that the company will not issue dividends for the financial year 2019. Overall, the NSE All Share Index was down 1.03% to close at 138.94 basis points. The NSE20 and the NSE25 share indices closed lower at 2,009.6 & 3,244.64 basis points respectively. The day's turnover marginally declined to KES 548.3 million from the KES 635.2 million achieved during Thursday's trading session. Volumes also declined with 18.1 million shares changing hands from the 22.5 million shares that were transacted during the previous session. Foreign investors were net sellers, accounting for 88.6% of the day's total sales and 48.1% of the day's total purchases. The Bond market was relatively constant with KES 2.48 billion worth of bonds traded during the day, down from the KES 2.55 billion traded on Thursday.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	138.94	-1.03	-16.51
NSE20	2,009.60	-0.26	-24.29
NSE25	3,244.67	-1.07	-22.44
FTSE NSE25	182.50	-1.45	-20.48

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,123.6	2,145.8
Turnover (KES, millions)	548.3	635.2
Volume (millions)	18.13	22.48
Foreign Buys (%)	48.11	44.59
Foreign Sales (%)	88.62	79.11

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.3040	11.2750	200.00
FXD1/2018/25	13.4000	13.5000	505.00
IFB1/2018/20	11.9500	12.5750	374.55

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	6.70	194.36	29.00
KCB Group Plc	4.32	154.35	35.75
Equity Group Holdings Plc	3.63	124.32	34.20



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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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