



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

28<sup>th</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 do think there is a lot of potential if you have a compelling product and people are willing to pay a premium for that. I think that is what Apple has shown. You can buy a much cheaper cell phone or laptop, but Apple's product is so much better than the alternative, and people are willing to pay that premium."*

- Elon Musk

## PART I : DEALS & CORPORATE DEVELOPMENTS

28<sup>th</sup> May 2020

Kenya

### Markets

#### **Public debt hits KES 6.4 Trillion as shilling declines**

The total public debt has hit KES 6.4 trillion as local borrowing rose and the external portion was pushed up further by the depreciation of the local currency. The most recently updated figures on domestic debt shows it stood at KES 3.144 trillion as of May 15 while external debt reached KES 3.284 trillion (USD 30.69 billion) on the basis of March 2020 data after depreciation of the local currency – making a total of KES 6.428 trillion. When the shilling exchanged at 101 to the dollar in early March, the external debt stood at a value of KES 3.1 trillion.

Source: *Business Daily*

### Economy

#### **Bill proposes CBK-rate fee on late payments**

Public entities will pay interest calculated at the Central Bank base rate for late payment to suppliers of goods and services if Parliament passes a new Bill into law. The Prompt Payment Bill, 2020, requires that a procuring entity shall pay for the goods, works or services provided by the prescribed payment date.

Source: *Business Daily*

#### **KPA entices importers with extended free storage at Naivasha ICD**

The Kenya Ports Authority (KPA) has extended free storage period to importers using the Naivasha Inland Container Depot (ICD) for their transit cargo to entice countries in the hinterland use the facility.

Source: *The East African*

Regional

### Deals

#### **PE firm Cepheus nears close for USD 100 Million Ethiopia fund**

Cepheus Growth Capital Partners has revealed it is finalising the fundraising for its first USD 100 Million fund. Cepheus is a private equity firm that invests in Ethiopia's most promising businesses and entrepreneurs. The fund will deploy capital to the manufacturing, agro-processing and services sectors.

Source: *African Private Equity News*

# PART II: TREASURY UPDATE

27<sup>th</sup> May 2020

## LOCAL MARKET

The Kenyan Shilling made marginal gains against the Dollar on Wednesday to close at 106.85/107.35. The NSE 20 share index edged lower by 33.10 points to close at 1,976.50 while in the secondary, bonds worth KES 3.4 billion were transacted.

## INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Wednesday as the US-China tensions grew. The two countries are at loggerheads as China's announced that it will impose strict national security laws for Hong Kong in response to last year's often violent pro-democracy protests. The United States is currently weighing options of sanctions, restrictions and tariffs on certain Chinese companies to put pressure on the Chinese government to backtrack on its stand. EUR rose by 0.2% to close at 1.1031 on news that an agreement by the European Union's executive was near for the EUR 750 billion plan to prop up the bloc's virus-hit economies. The main issue was the query whether the bonds would be AAA-rated and a lack of details on how the relief program would be financed. GBP dipped by 1% to close at 1.2209 as market feared negative interest rates would be imposed to boost the economy. The currency also dipped as Brexit talks took a negative turn as David Frost, U.K Chief negotiator, told UK lawmakers that the current offer placed on the table by the EU in ongoing trade negotiations is not one that the UK can accept and that there is no chance of negotiations being extended, even if the EU requested more time. This could lead to a no-deal Brexit and hurt the GBP.

In the US stock market; the Dow Jones Industrial Average edged higher by 553.16 points to close at 25,548.27; the S&P 500 gained 44.36 points to close at 3,036.13 while the Nasdaq Composite edged higher by 72.14 points to close at 9,412.36.

Source: I&M Bank Limited

## PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.319	8.800	3.256	6.264
182 Day T-Bill	8.227	10.650	3.964	6.657
364 Day T-Bill	9.195	11.300	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		106.10	107.40
GBP		128.60	133.00
EUR		115.30	119.00
CHF		108.70	112.00
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	1525.00
Murban Crude Oil	USD/barrel	27.03
Coffee	US Cents/lb.	102.50
Wheat	US Cents/Bushel	505.50
Corn	US Cents/Bushel	320.75



# PART III: EQUITIES AND BOND TRADING

27<sup>th</sup> May 2020

## MARKET COMMENTARY

The NSE All Share Index was down 0.81% on Wednesday to close at 137.81 basis points. The NSE20 and the NSE25 share indices closed lower, shedding 1.65% and 0.67% at 1,976.50 & 3,222.96 basis points respectively. Turnover and volumes were also lower with 16.4 million shares valued at KES 490.70 million changing hands, this is against the 18.1 million shares valued at KES 548.3 million that were traded in the previous session. Foreign Investors turned net sellers in accounting for 86.99% of the day's sales and 54.3% of the day's total purchases. The Bond market recorded a growth in turnover to KES 3.46 billion from a volume of 124 deals as compared to the KES 2.48 billion achieved in the previous trading session.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.81	-0.81	-17.19
NSE20	1,976.50	-1.65	-22.54
NSE25	3,222.96	-0.67	-21.40
FTSE NSE25	182.04	-0.25	-20.68

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,106.3	2,123.6
Turnover (KES, millions)	490.70	548.3
Volume (millions)	16.36	18.13
Foreign Buys (%)	54.29	48.11
Foreign Sales (%)	86.99	88.62

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD2/2015/5	13.9200	8.4000	634.00
FXD4/2019/10	12.2800	12.1970	350.00
IFB1/2009/10	10.8500	11.8000	300.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	5.68	162.82	28.65
KCB Group Plc	4.11	146.76	35.70
East African Breweries Plc	0.66	108.14	163.00



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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.

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