



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

6th 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

"If you do everything that everyone else does in business, you're going to lose. The only way to really be ahead, is to 'be different'."

- Larry Ellison

PART I : DEALS & CORPORATE DEVELOPMENTS

6th May 2020

Kenya

Deals

Fanisi Capital buys KES 265 Million stake in St Bakhita Schools

East Africa-focused private equity firm Fanisi Capital has acquired minority stake in St Bakhita Schools valued KES 265 Million (\$2.5 million). It becomes the third investment that Fanisi is making in the education sector after Hillcrest International Schools and Kitengela International Schools. Fanisi Capital's Managing Partner, Ayisi Makatiani said the schools fit within their investment strategy, which aims to invest in ambitious entrepreneurs providing high quality education.

Source: *Business Daily*

Western Kenya gold company Barrick to finalise deal by June

London AIM-listed East Africa-focused gold producer Shanta Gold plans to complete acquisition of Canadian miner Barrick Gold's assets in Kenya by June. The firm says it will consequently move to fast-track gold production in Kenya once it completes the transaction. The Canadian miner Barrick Gold Corporation announced early this year it was selling its seven Western Kenya gold mining licenses to the Guernsey-incorporated Shanta Gold in a cash-and-stock transaction worth a total of USD 14.5 Million (KES 1.4 Billion).

Source: *Business Daily*

Markets

State offers 40% of pension savings for home purchase

Workers could soon use up to KES 7 Million or a maximum of 40% of their retirement savings to buy their first residential house in changes to the law aimed at boosting home ownership and lift the sluggish property market. The clause allowing contributors to access 40% of their savings ahead of retirement will free tens of billions of shillings for home ownership given that Kenya's pension schemes control KES 1.2 trillion spread across property, cash, shares and government bonds.

Source: *Business Daily*

Corporate

StanChart restructures 6.4% loans

Standard Chartered (StanChart) has restructured KES 8 Billion of loans, equivalent to about 6.47% 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. StanChart also announced repayment breaks of up to three months on all loans as customers hit by cash flow hitches seek flexible terms.

Source: *Business Daily*

PART II: TREASURY UPDATE

5th May 2020

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Tuesday to close at 106.15/106.65. The NSE 20 share index edged higher by 30.91 points to close at 2,021.55 while in the secondary market, bonds worth KES 3.2 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Tuesday on the back of positive news that some U.S states will re-open and stronger than expected U.S. services data. The U.S. Institute for Supply Management's non-manufacturing index fell to 41.8 last month, from 52.5 in March, but the April level was higher than the consensus forecast of 36.8. EUR closed lower at 1.0826 after the highest court in Germany gave the European Central Bank three months to justify purchases under its bond-buying programme, or lose the Bundesbank as a participant in a scheme aimed at cushioning the economic blow from the coronavirus. The currency was further hit by negative data that showed the year-on-year Euro-Zone PPI dipped to -2.8% from -1.4%. GBP was mostly range-bound against the dollar to close at 1.2447 on the back of increased risk sentiment in the market. Positive data also boosted the currency after the U.K PMI Services gave readings of 13.4 against a forecast of 12.20. Of importance this week is Thursday's Bank of England policy decision where the market will read as to whether or not policymakers will announce fresh measures to aid the economy.

In the US stock market; the Dow Jones Industrial Average edged higher by 133.33 points to close at 23,883.09; the S&P 500 gained 25.70 points to close at 2,868.44 while the Nasdaq Composite gained 98.41 points to close at 8,809.12.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.242	10.200	3.199	6.360
182 Day T-Bill	8.134	10.800	3.798	6.399
364 Day T-Bill	9.115	11.300	4.666	7.625
Inflation Data	5.62	3.20	3.40	8.50

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.20	106.90
GBP		128.00	134.00
EUR		111.50	117.00
CHF		107.00	111.00
JPY		0.9800	1.0200
ZAR		5.20	6.20
INR		-	1.4300
CNH		-	17.00
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	1484.50
Murban Crude Oil	USD/barrel	20.12
Coffee	US Cents/lb.	110.65
Wheat	US Cents/Bushel	516.75
Corn	US Cents/Bushel	317.25

PART III: EQUITIES AND BOND TRADING

5th May 2020

MARKET COMMENTARY

The NSE All Share Index gained 1.58% to close the day at 145.69 basis points during Tuesday's trading session. The NSE20 and the NSE25 share indices also grew by 1.55% and 2.16% to close the day at 2,021.55 and 3,446.42 basis points respectively. Turnover declined by 36% from Monday's KES 908 million to close at KES 583 million. The volume of shares moved on the market also declined, with 17.2 million shares changing hands from the 28 million shares traded on Monday. Foreign investors maintained majority activity in Tuesday's trading session, accounting for 52.9% of the total market activity. Foreign investors maintained a net-selling position, accounting for 68.1% of the day's sales and 46.4% of the day's purchases. The secondary bond market recorded uptick in activity with bonds worth KES 3.2 billion transacted in 155 deals as compared to the KES 1.99 billion achieved in the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	145.69	1.58	-12.45
NSE20	2,021.55	1.55	-23.84
NSE25	3,446.45	2.16	-15.95
FTSE NSE25	194.79	1.79	-15.12

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,226.9	2,195.2
Turnover (KES, millions)	582.8	908.9
Volume (millions)	17.23	28.01
Foreign Buys (%)	46.44	72.91
Foreign Sales (%)	68.10	50.85

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2014/10	12.1800	10.7500	500.00
IFB1/2019/16	11.7500	12.2500	704.00
IFB1/2019/16	11.7500	12.4800	400.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	8.29	248.06	29.95
BAT Kenya Plc	0.50	157.73	315.25
KCB Group Plc	1.87	72.30	38.75

Source: Faida Investment Bank



DISCLAIMER

This document has been prepared on the basis of information and forecasts in the public domain. None of the information on which the document is based has been independently verified by *I&M Burbidge Capital Limited* nor its affiliate bodies and associates, who do not take responsibility for the content thereof and do not accept any liability with respect to the accuracy or completeness, or in relation to the use by any recipient of the information, projections, opinions contained in this document.

This document is purely for information purposes only and should not be relied upon to make any investment decisions or any other decisions. Any liability is disclaimed, including incidental or consequential damages arising from error or omission in this document.

About I&M Burbidge Capital

I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority creating long term advisory relationships & solutions across Eastern Africa.

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.

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

5th Floor Rwenzori Towers
Nakasero Road Kampala,
Uganda
Tel: +256 (0) 794 476 967



i&MBurbidgeCapital