



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

7th 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

"Courage taught me no matter how bad a crisis gets... any sound investment will eventually pay off."

- Carlos Slim Helu

PART I : DEALS & CORPORATE DEVELOPMENTS

7th May 2020

Kenya

Deals

PE firm DOB Equity makes follow-on investment in education company

DOB Equity, a Dutch family-backed impact investor in East Africa, has made a further investment in Moringa School, a technology learning institute based in Kenya. The investment is to help Moringa accelerate the company's transition to providing remote online learning. Since the Covid-19 outbreak, there has been an increased demand for online learning.

Source: African Private Equity

Markets

Nairobi bourse stocks defy virus to gain KES 264 Billion in a month

Investors at the Nairobi Securities Exchange (NSE) have gained KES 264.5 billion over the past month, cutting the coronavirus-driven losses amid an economic shock that towers over the financial crisis a decade ago. The Nairobi bourse notched up healthy gains in recent days as investors sought to buy stocks at a bargain, hoping for outsized capital gains when the stock market recovers.

Source: Business Daily

Forex reserves tumble to KES 828 Billion as the shilling strengthens

Central bank dollar reserves continued on a downward trend to close April at USD 7.74 Billion (KES 828.6 Billion), down from USD 7.858 Billion (KES 832.9 Billion) reported a week earlier. The forex reserves, which have now fallen to a more than two-year represent the lowest level since early March 2018 when the stock of dollars held by the Central Bank of Kenya (CBK) were USD 7.15 Billion (KES 729.81 Billion).

Source: Business Daily

Corporate

Carrefour takes KES 3 Billion loan for Kenya growth

South Africa's Standard Bank Group has lent KES 3 billion to Dubai-based conglomerate Majid Al Futtaim to expand its supermarkets business in Kenya through the Carrefour franchise. Carrefour Kenya has emerged as one of the major players in the local retail market, having launched operations in 2016 at The Hub in Karen, Nairobi.

Source: Business Daily

PART II: TREASURY UPDATE

6th May 2020

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Wednesday to close at 105.70/106.30. The NSE 20 share index edged higher by 38.56 points to close at 2,060.11 while in the secondary market, bonds worth KES 1.5 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged higher on Wednesday on the back of increased demand for the currency. Negative data did little to affect the currency despite the ADP National Employment Report showing a record of more than 20 million jobs lost in April. EUR fell by 0.3% to close at 1.0812 after the German high court ruling that dented the European Central Bank's ability to manage the region's economic recovery. This was after the German constitutional court ruled that the ECB must justify the necessity of its bond-buying program despite the Eurozone's top court ruling in its favour. Negative data also added to the woes of the currency as the year-on-year Euro-Zone Retail Sales and Euro-Zone PMI Composite dipped to -9.2% from 2.5% and 13.6 from 29.7 respectively. The German Factory Orders and German PMI Composite also went lower to -15.6% from -1.2% and 17.4 and 35 respectively. GBP edged lower by 0.7% to close at 1.2359 amidst a strengthening Dollar and Bank of England policy meeting scheduled for today. It's expected that BOE will keep its interest rates steady but amend its bond-buying program to help with economic recovery caused by the COVID-19 pandemic.

In the US stock market; the Dow Jones Industrial Average edged lower by 218.45 points to close at 23,664.64; the S&P 500 shed 20.02 points to close at 2,848.42 while the Nasdaq Composite gained 45.27 points to close at 8,854.39.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.242	9.300	3.197	6.360
182 Day T-Bill	8.134	10.350	3.798	6.399
364 Day T-Bill	9.115	11.000	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		104.80	106.50
GBP		127.00	132.30
EUR		111.00	116.30
CHF		106.00	110.00
JPY		0.9800	1.0200
ZAR		5.20	6.20
INR		-	1.4200
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	1479.50
Murban Crude Oil	USD/barrel	22.74
Coffee	US Cents/lb.	110.60
Wheat	US Cents/Bushel	519.50
Corn	US Cents/Bushel	316.00



PART III: EQUITIES AND BOND TRADING

7th May 2020

MARKET COMMENTARY

The NSE All share index gained 1.74% in Wednesday's trading session to close the day at 148.22 basis points. The NSE20 and the NSE25 share indices also posted gains of 1.91% & 1.90% to close the day at 2,060.11 and 3,511.91 basis points respectively. The day's turnover soared by 182% to settle at KES 1.64 billion against Tuesday's turnover of KES 582.8 million. This was buoyed by increased activity on Equity Group and British American Tobacco Kenya Plc. Volumes traded were also higher, with 37.70 million shares changing hands, up from Tuesday's volume of 17.2 million shares. Foreign investor activity increased over the previous session, accounting for 61.4% of the day's total activity, with 54.9% of the day's purchases and 67.9% of the day's sales. The secondary bond market recorded a slump in activity with bonds worth KES 1.57 billion transacted in 106 deals as compared to the KES 3.52 billion achieved in the previous session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	148.22	1.74	-10.93
NSE20	2,060.11	1.91	-22.39
NSE25	3,511.91	1.90	-14.36
FTSE NSE25	200.10	2.73	-12.81

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,265.7	2,226.9
Turnover (KES, millions)	1,641.5	582.8
Volume (millions)	37.70	17.23
Foreign Buys (%)	54.85	46.44
Foreign Sales (%)	67.93	68.10

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2013/10	12.3710	10.5000	100.00
IFB1/2019/16	11.7500	12.4000	400.00
IFB1/2020/9	10.8500	11.8000	260.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Equity Group Holdings Plc	12.85	539.70	42.00
Safaricom Plc	13.23	402.75	30.45
BAT Kenya Plc	1.26	396.56	315.00

Source: Faida Investment Bank



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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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