



i&M Burbidge Capital

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MARKET UPDATE BULLETIN

11th June 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'm convinced that about half of what separates successful entrepreneurs from the non successful ones is pure perseverance."

- Steve Jobs

PART I : DEALS & CORPORATE DEVELOPMENTS

11th June 2020

Kenya

Deals

Kenya: African Frontier Capital announces USD 65 Million off-grid solar financing vehicle

Solar Frontier Capital (SFC), a wholly-owned subsidiary of African Frontier Capital (AFC), and d.light, a global innovator of solar energy products, have jointly announced the establishment of a USD 65 million financing vehicle, Brighter Life Kenya 1 Limited (BLK1).

Source: African Private Equity News

Markets

Central bank overdraft declines to lowest level since March

The share of emergency loans taken from the Central Bank of Kenya (CBK) as part of domestic borrowing by the Treasury has fallen to the lowest level since late March, pointing to easing cash flow pressure on the back of inflows of cheaper external debt. Latest domestic borrowing statistics show the overdraft facility at the CBK accounted for 1.59% of the nearly KES 3.16 Trillion total domestic debt stock as of May 29, the lowest share since 1.27% on March 27.

Source: Business Daily

Tax shortfall to frustrate target deficit in virus era

The government is likely to struggle keeping the Budget deficit at the projected 7.3% of gross domestic product (GDP) in the coming fiscal year due to possible revenue shortfalls amid higher expenditure needs tied to the Covid-19 pandemic.

Source: Business Daily

PART II: TREASURY UPDATE

10th June 2020

LOCAL MARKET

The Kenyan Shilling traded steady against the Dollar on Wednesday to close at 106.35/106.85. The NSE 20 share index edged higher by 4.47 points to close at 1986.48 while in the secondary markets, bonds worth KES 2.1 billion were transacted.




INTERNATIONAL MARKET OVERVIEW

The U.S Dollar lost ground against other major currencies on Wednesday after the Federal Reserve left its benchmark rate unchanged at 0.25 percent and signalled that rates would be maintained in the target range of 0 percent to 0.25 percent through 2022. The Federal Reserve also pledged to continue with its asset purchase program with an aim of stabilizing the U.S economy. Markets now await the release of the U.S jobless claims data and remain cautious after the surprise Friday's Payroll's report that showed an unexpected easing in the jobless rate. The Sterling pound rose against the Dollar to a high of 1.2812, with Brexit uncertainty and prospects of negative interest rates remaining an issue. Britain and the European Union have until December which is the end of transition period to negotiate a future trade deal. The Euro gained to 1.1422 against the Dollar.










In the US stock market; the Dow Jones Industrial Average dropped by 282.31 points to close at 26,989.99; the S&P 500 lost 17.04 points to close at 3,190.14 while the Nasdaq Composite edged higher by 66.59 points to close at 10,020.35.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.325	8.886	2.990	6.264
182 Day T-Bill	8.200	10.999	3.500	6.657
364 Day T-Bill	9.165	12.269	4.700	8.021
Inflation Data	5.50	3.20	3.30	8.00

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.70	107.10
GBP		134.00	136.20
EUR		119.80	121.90
CHF		111.70	113.70
JPY		0.9800	1.0020
ZAR		5.60	6.90
INR		-	1.4250
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	1,627.50
Murban Crude Oil	USD/barrel	36.36
Coffee	US Cents/lb.	98.55
Wheat	US Cents/Bushel	503.75
Corn	US Cents/Bushel	325.75

PART III: EQUITIES AND BOND TRADING

10th June 2020

MARKET COMMENTARY

The benchmark NSE All share index closed higher on Wednesday, gaining 0.69% to close at 141.04 basis points. The NSE20 and the NSE25 share indices gained 0.23% and 0.5% to close at 1,986.48 & 3,252.09 basis points respectively. Equities turnover at the NSE increased by 46.72% to KES 716.8 million from KES 487.4 Million recorded in Tuesday's trading session. Foreign investors were net-buyers recording net inflows of KES 273 million as compared net outflows of KES 62.4 million in the previous session. The foreigners took net-selling positions on KCB Group and net-buying position on Safaricom and Britam Holdings Plc. Secondary bond market turnover was down, decreasing by 26.12% to KES 2.20 billion from KES 2.97 billion worth of bonds traded in the previous session. The number of deals in the bond market increased to 149 from 128 deals. The FXD1/2018/25Yr and IFB1/2019/16Yr were Wednesday's most traded bonds. The Derivative Market had 3 contracts worth KES 66,800 transacted in Wednesday's trading session. The Safaricom contract expiring on 17th September 2020 moved 2 contracts worth KES 57,000 at KES 28.50, this is against the spot market price of KES 29.95.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	141.4	0.69	-15.25
NSE20	1,986.48	0.23	-25.16
NSE25	3,252.09	0.50	-20.69
FTSE NSE25	186.09	0.94	-18.91

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,155.8	2,141.0
Turnover (KES, millions)	716.79	487.43
Volume (millions)	33.21	23.60
Foreign Buys (%)	85.47	71.06
Foreign Sales (%)	47.52	83.93

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2020/5	11.6670	11.5500	200.00
FXD1/2018/20	13.2000	12.8400	300.00
IFB1/2019/16	11.7500	12.1500	300.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	17.75	531.63	29.95
KCB Group Plc	2.40	83.85	35.00
Britam Holdings Plc	3.37	27.28	8.10



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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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