



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

12th 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

"The greatest danger in times of turbulence is not the turbulence—it is to act with yesterday's logic."

- Peter Drucker

PART I : DEALS & CORPORATE DEVELOPMENTS

12th June 2020

Kenya

Deals

Brokers Apex, AIB to finalise merger by end of month

The merger between stockbrokers ApexAfrica Capital and AIB has moved a step closer with the firms reporting they have received regulatory approvals for the tie-up. They are targeting end-month for the conclusion of the merger, which will see ApexAfrica client accounts migrated to AIB, which will be the operating company for the new entity.

Source: Business Daily

Economy

Budget 2020/21: The highlights

Treasury Secretary Ukur Yatani has presented his KES 2.7 trillion Budget for the year starting July 1, outlining the spending plans, including the taxation measures to finance the proposals. The budget includes a stimulus package to jumpstart an economy ravaged by the Covid-19 pandemic.

Source: Business Daily

Loss-making firms face 1% revenue tax

Treasury Secretary Ukur Yatani is targeting a share of revenue from loss-making firms in an environment where profits have been hammered by global coronavirus shocks. In proposed changes in the Finance Bill 2020, Mr Yatani is seeking the green light from Parliament to compel firms which have not been taxed elsewhere to pay one percent of gross sales to the Kenya Revenue Authority (KRA).

Source: Business Daily

Kenya sets a budget deficit of 7.5% of GDP in 2020/21 financial year

Kenya's finance minister Ukur Yatani on Thursday set a budget deficit of 7.5% of GDP for the fiscal year starting in July, saying the coronavirus pandemic had upended the government's plan to reduce reliance on debt.

Source: African Reuters

PART II: TREASURY UPDATE

11th June 2020

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Thursday to close at 106.15/106.65. The NSE 20 share index edged higher by 8.55 points to close at 1,995.03 while in the secondary markets, bonds worth KES 1.1 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar gained against other major currencies on Thursday following a fall in the global stock prices due to the gloomy economic outlook from the Federal Reserve on Wednesday after the conclusion of the two-day policy meeting. There has been reduced expectations that the global economy was recovering progressively from the Coronavirus pandemic as Investors still remained cautious with new infections rising slightly after several weeks of decline. The Sterling Pound lost ground by 0.9 percent to 1.2634 against the Dollar, weighed down by Brexit related concerns as risks of the U.K leaving the European Union without a trade deal increased. Britain and the EU have made little progress on the Brexit negotiations and have until the end of June to request for an extension of the transition period. The Euro dropped to 1.1358 against the Dollar.

In the US stock market; the Dow Jones Industrial Average dropped by 1,861.82 points to close at 25,128.17; the S&P 500 lost 188.04 points to close at 3,002.10 while the Nasdaq Composite edged lower by 527.62 points to close at 9,492.73.

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		105.40	107.00
GBP		133.00	135.00
EUR		119.20	121.20
CHF		111.60	113.60
JPY		0.9800	1.0020
ZAR		5.60	6.90
INR		-	1.4180
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	1,601.50
Murban Crude Oil	USD/barrel	33.33
Coffee	US Cents/lb.	97.70
Wheat	US Cents/Bushel	503.50
Corn	US Cents/Bushel	334.50



PART III: EQUITIES AND BOND TRADING

11th June 2020

MARKET COMMENTARY

The benchmark NSE All Share Index closed higher on Thursday, gaining 1.23 % to close at 142.78 basis points. The NSE20 and the NSE25 share indices gained 0.43% and 1.07% to close at 1,995.03 & 3,287.02 basis points respectively. Equities turnover declined by 48.00% to KES 357.7 million whilst volumes declined to 17.1 million shares from the 33.2 million shares that were traded on Wednesday. Foreign investors assumed a net selling position in Thursday's session, accounting for 60.96% of total market purchases and 63.67% of total market sales. Secondary bond market turnover was down to KES 1.17 billion from KES 2.20 billion worth of bonds traded previously. The number of deals in the bond market declined to 94 from 149 deals posted in the previous session. In the Derivatives Market, the Safaricom contract expiring on 18th June 2020 moved 5 contracts worth KES 149, 250 at KES29.85, this is against the spot market price of KES 30.45.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	142.78	1.23	-14.20
NSE20	1,995.03	0.43	-24.84
NSE25	3,287.02	1.07	-19.48
FTSE NSE25	186.70	0.33	-18.65

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,182.4	2,155.8
Turnover (KES, millions)	357.74	716.79
Volume (millions)	17.11	33.21
Foreign Buys (%)	60.96	85.47
Foreign Sales (%)	63.67	47.52

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/15	12.8570	12.7500	200.00
IFB1/2019/16	11.7500	12.1000	200.00
IFB1/2020/9	10.8500	11.6000	112.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	3.45	105.07	30.45
KCB Group Plc	2.58	90.32	35.00
Equity Group Holdings Plc	1.78	62.02	34.85



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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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