



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

16th 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 opportunity to raise the quality of life is the biggest opportunity going."
- Anand Mahindra

PART I : DEALS & CORPORATE DEVELOPMENTS

16th June 2020

Kenya

Market

Interbank rate at year low on State payments

An increase in government payments to departments, agencies and suppliers has raised liquidity in the money market, pushing up the cash in the hands of banks and leading to heavy oversubscription of government securities. Central Bank of Kenya (CBK) said in its weekly bulletin that the interbank market – an indicator of the liquidity situation in the banking industry—saw both a fall in rates and volumes transacted, meaning lenders were holding ample cash.

Source: *Business Daily*

Forex reserves inch closer to KES 1 Trillion mark on new loans

The Central Bank of Kenya's (CBK) usable foreign exchange reserves have increased to KES 991.59 billion (USD 9,302 million) in the week ending June 11, due to the high foreign fund disbursements to support the country against the adverse effects of coronavirus. CBK data has shown the reserves are nearing the KES 1 trillion mark, having increased by KES 4.37 billion from KES 987.22 billion (USD 9,261 Million) in the previous week.

Source: *Business Daily*

CAK gives suppliers more time to report delayed payments

The Competition Authority of Kenya (CAK) has extended the time for receiving information on late payments by suppliers and manufacturers to facilitate determination of penal action against retailers. The initial deadline was to expire on May 14 but no new date has been set.

Source: *Business Daily*

PART II: TREASURY UPDATE

15th June 2020

LOCAL MARKET

The Kenyan Shilling was range bound against the Dollar on Monday to close at 106.30/106.80. The NSE 20 share index edged higher by 11.18 points to close at 2,022.95 while in the secondary market, bonds worth KES 3.8 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Monday on the back of news that the Federal Reserve would buy individual corporate bonds in the secondary market through the secondary market corporate credit facility (SMCCF) which is one of the several emergency facilities recently launched by the U.S. Federal Reserve to improve market functioning in the wake of the coronavirus pandemic. EUR was flat to close at 1.12 as market data showed that Eurozone's non-seasonally adjusted trade balance figure for April fell below forecasts from EUR 2.82 Billion to EUR 2.9 Billion. Italy's inflation data for May also fell below forecasts with the month-on-month report slipping from -0.1% to -0.2%. GBP was lower by 0.1% to close at 1.2455 as Brexit and Coronavirus second wave fears hit the currency.

In the US stock market; the Dow Jones Industrial Average edged higher by 157.62 points to close at 25,763.16; the S&P 500 gained by 25.28 points to close at 3,006.59 while the Nasdaq Composite edged higher by 137.21 points to close at 9,726.02.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.259	8.800	3.045	6.264
182 Day T-Bill	8.060	10.450	3.601	6.657
364 Day T-Bill	9.030	11.200	4.524	8.021
Inflation Data	5.47	2.80	3.20	9.20

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.60	107.00
GBP		132.30	136.30
EUR		118.30	122.00
CHF		110.60	113.60
JPY		0.9800	1.0020
ZAR		5.60	6.90
INR		-	1.4270
CNH		-	17.80
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	1,577.00
Murban Crude Oil	USD/barrel	34.25
Coffee	US Cents/lb.	95.90
Wheat	US Cents/Bushel	511.75
Corn	US Cents/Bushel	337.25

PART III: EQUITIES AND BOND TRADING

15th June 2020

MARKET COMMENTARY

The benchmark NSE All share index gained 0.26% on Monday to close at 143.25 basis points. The NSE20 & the NSE25 share indices gained 0.56% and 0.43% to close at 2,022.95 and 3,300.18 basis points respectively. Equity turnover decreased by 20.40% to KES 0.89 billion from KES 1.12 billion recorded in the previous session. The day's top counters were Safaricom, Britam and EABL, which had turnovers of KES 410 million, KES 225 million and KES 76 million respectively. Foreign investors were net-buyers during Monday's session, accounting for 48.1% of the day's purchases and 45.7% of the day's net sales. The foreigners were net-sellers on the EABL and Equity counters and net-buyers on Safaricom. The secondary bond market turnover was higher, with KES 3.90 billion having been traded, up from KES 2.94 billion traded in the previous session. The number of deals in the secondary bond market increased to 123.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	143.25	0.26	-13.92
NSE20	2,022.95	0.56	-23.79
NSE25	3,300.18	0.43	-19.52
FTSE NSE25	188.33	0.84	-17.94

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,189.6	2,183.9
Turnover (KES, millions)	887.83	1,114.5
Volume (millions)	42.58	47.76
Foreign Buys (%)	48.09	76.07
Foreign Sales (%)	45.71	74.68

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD4/2019/10	12.2800	12.2750	300.00
FXD1/2008/15	12.5000	10.5000	500.00
IFB1/2016/9	12.5000	10.9500	255.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	13.44	409.66	30.50
Britam Holdings Group Plc	21.18	225.41	10.65
East African Breweries Plc	0.45	75.62	168.50



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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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