



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

24th 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

"Timing, perseverance, and ten years of trying will eventually make you look like an overnight success."

- Biz Stone

PART I : DEALS & CORPORATE DEVELOPMENTS

24th June 2020

Kenya

Markets

High liquidity seen holding policy rate

The high liquidity in the local money market is likely to push the Central Bank of Kenya (CBK) to retain the base lending rate at seven percent, analysts say. The Monetary Policy Committee of the CBK meets Thursday to take stock of the developments in the pandemic-hit economy since the meeting on May 27, and chart a way forward against the backdrop of stable inflation and exchange rate.

Source: *Business Daily*

Economy

Kenya Railways cuts SGR tariffs in fresh push to woo transporters

Kenya Railways has lowered cargo tariffs in an attempt to make Naivasha dry port economically viable even as a recent court ruling casts doubt on the future of the Standard Gauge Railway (SGR). In the latest move to attract transporters to use the Inland Container Depot (ICD) from Mombasa to Naivasha, Kenya Railways has reduced freight charges from USD 600 to USD 480 for a 20-foot container and from USD 850 to USD 680 for 40-foot container.

Source: *Business Daily*

Covid-19 hit insurers face higher capital buffer July deadline

Insurance firms are facing a deadline to double capital buffers by next week even as the industry struggles with reduced premiums and risk of higher claims as coronavirus continues to devastate the economy. The Insurance Regulatory Authority said it will release details of firms yet to comply with the risk-based capital requirements next Tuesday ahead of the July 1 deadline.

Source: *Business Daily*

Corporate

French phone company enters the Kenya market

Listed French phone manufacturer Avenir Telecom has entered the Kenyan market in partnership with Nairobi's Vivus Techno Ltd. Vivus Techno head of sales, Daniel Kiplimo, said it was selected as the local representative to sell and offer after-sales services for Avenir's Energizer mobile phones.

Source: *Business Daily*

PART II: TREASURY UPDATE

23rd June 2020

LOCAL MARKET

The Kenyan Shilling was range-bound against the Dollar on Tuesday to close at 106.20/106.70. The NSE 20 share index edged lower by 7.72 points to close at 1,949.82 while in the secondary market, bonds worth KES 5.6 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar made marginal gains on Tuesday as the U.S.-China deal was confirmed to be intact and on the back of positive data. The Manufacturing PMI and Markit Services PMI edged higher to 49.6 from 39.8 and 46.7 from 37.5 respectively. New Home Sales and Markit PMI Composite edged higher to 676 million from 580 million and 46.8 from 37.0 respectively. EUR edged higher on Tuesday by 0.67% to close at 1.1333 as positive data propped the currency. The Markit Manufacturing PMI and services PMI moved higher to 52.1 from 40.6 and 50.6 from 31.1 respectively. The Euro-Zone manufacturing PMI, PMI Composite and PMI Services also made marginal gains to close at 46.9 from 39.4, 47.5 from 31.9 and 47.3 from 30.5 respectively. The PMI measure level of economic activity in the economy. A reading above 50 indicates expansion in the sector and below 50 indicates contraction. GBP was higher by 0.4% to close at 1.2520 on the back of positive data that showed economic activity was picking up in the U.K. The Manufacturing PMI and PMI services were all higher at 50.1 from 40.7 and 47.0 from 29.0 respectively.

In the US stock market; the Dow Jones Industrial Average edged higher by 131.14 points to close at 26,156.10; the S&P 500 gained by 13.43 points to close at 3,131.29 while the Nasdaq Composite edged higher by 74.89 points to close at 10,131.37.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.089	8.800	2.690	6.404
182 Day T-Bill	7.739	10.4500	3.275	6.967
364 Day T-Bill	8.667	11.200	4.181	8.196
Inflation Data	5.47	2.80	3.20	9.20

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.30	106.80
GBP		130.30	134.50
EUR		117.80	121.60
CHF		110.40	114.00
JPY		0.9800	1.0020
ZAR		5.60	6.60
INR		-	1.4250
CNH		-	18.00
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	1,595.00
Murban Crude Oil	USD/barrel	37.11
Coffee	US Cents/lb.	98.20
Wheat	US Cents/Bushel	490.75
Corn	US Cents/Bushel	328.50

PART III: EQUITIES AND BOND TRADING

23rd June 2020

MARKET COMMENTARY

The benchmark NSE All share Index shed 1.45% from the previous closing session to close Tuesday at 140.74 points. The NSE20 and the NSE25 shed 0.39% and 0.87% to close at 1,949.82 and 3,269.51 points. Turnover edged up to close at KES 397.2 million against the KES 202.5 million close in Monday's session. The top counters were Absa Bank Kenya, Safaricom Plc and Equity Bank. The counters' turnover stood at KES 98.2 million, KES 71.1 million and KES 70.8 million, respectively. Foreign investors maintained a net-selling position, accounting for 22.85% of Tuesday's purchases and 72.92% of the day's net sales. The foreigners maintained net-selling positions on the top three traded counters. The Secondary bond market turnover recorded increased activity, with KES 5.69 billion worth of bonds having been traded against the KES 2.77 billion traded on Monday. The number of deals increase to stand at 115. The Derivatives Market had 5 contracts valued at KES 146,000. Five Safaricom contracts worth KES 146,000 expiring on 17th Sep 2020 were concluded at a price of KES 29.37. This is against an end of day price of KES 29.45 in the spot market.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	140.74	-1.45	-15.59
NSE20	1,949.82	-0.39	-26.54
NSE25	3,269.51	-0.87	-20.27
FTSE NSE25	186.50	-0.19	-18.73

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,147.0	2,178.8
Turnover (KES, millions)	397.15	202.49
Volume (millions)	29.91	9.70
Foreign Buys (%)	22.85	44.87
Foreign Sales (%)	72.92	82.20

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD3/2019/5	11.4920	11.0000	300.00
FXD1/2018/15	12.6500	12.3947	400.00
IFB1/2020/9	10.8500	11.4000	600.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
ABSA Bank Kenya Plc	9.82	98.23	175.00
Safaricom Plc	2.41	71.13	315.00
Equity Group Holdings Plc	2.03	70.84	30.20



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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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