



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

25th 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

"Embrace what you don't know, especially in the beginning, because what you don't know can become your greatest asset. It ensures that you will absolutely be doing things different from everybody else."

- Sara Blakely

PART I : DEALS & CORPORATE DEVELOPMENTS

25th June 2020

Kenya

Deals

Co-op Bank to pay KES 1 Billion for Jamii Bora stake

Co-operative Bank of Kenya has offered an initial KES 1 billion for the purchase of a 90% stake in Jamii Bora Bank, according to disclosures by the small lender ahead of its July 1 shareholders meeting that will consider the proposed transaction. Jamii Bora's current shareholders will all be squeezed into a 10% stake, with Co-op Bank's majority ownership giving it the right to appoint the lender's board and management.

Source: *Business Daily*

Economy

Africa's GDP growth projected to drop below zero on Covid-19 effects

Africa's projected gross domestic product growth of 3.2% for 2020 is now expected to fall further to -0.8% due to prolonged partial and total lockdown of countries brought on by the Covid-19 pandemic. With more than 41 countries still imposing curfews and stay-at-home guidelines, sectors that depend on social interactions such as aviation, hospitality, tourism and entertainment will have little revenue.

Source: *The East African*

Corporate

EABL sets up KES 532 Million fund to aid bars' Covid recovery

East Africa Breweries Limited (EABL) has announced a KES 532 million (USD 5 million) recovery fund to help pubs and bars resume trade post-lockdown. The two-year program dubbed "Raising the Bar" is part of the KES10.6 billion (USD 100 million) kitty that was slated to be rolled out from June 1 in different markets through EABL's parent firm, Diageo.

Source: *Business Daily*

PART II: TREASURY UPDATE

24th June 2020

LOCAL MARKET

The Kenyan Shilling was range-bound against the Dollar on Wednesday to close at 106.25/106.75. The NSE 20 share index edged lower by 6.32 points to close at 1,943.50 while the secondary market, bonds worth KES 3.2 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar edged higher on Wednesday as demand for the currency increased. A spike in the number of reported cases for Covid-19 caused fresh jitters in the market that strict lockdown measures might be imposed to contain the outbreak thus causing an increase in demand for the currency. EUR was steady to close at 1.1256 on the back of positive data that showed the German Business Expectations and German IFO Business Climate Index edged higher to 91.4 from 80.5 and 86.2 from 79.7 respectively. The currency was also hit by news that the U.S. was considering a \$3.1 billion worth of tariffs on European goods. GBP edged lower by 0.6% to close at 1.2450 as Brexit fears re-surfaced and jitters about the imposition of fresh tariffs by the U.S. The EU Brexit negotiator hinted that a deal was possible but asked the U.K to give clear signs that it was committed to the process.

In the US stock market; the Dow Jones Industrial Average edged lower by 710.16 points to close at 25,445.94; the S&P 500 shed by 80.96 points to close at 3,050.33 while the Nasdaq Composite edged lower by 222.20 points to close at 9909.17.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.089	8.800	2.685	6.404
182 Day T-Bill	7.739	10.4500	3.274	6.967
364 Day T-Bill	8.667	11.200	4.182	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		105.55	106.85
GBP		129.50	133.50
EUR		117.00	122.00
CHF		110.40	113.80
JPY		0.9800	1.0020
ZAR		5.60	6.60
INR		-	1.4270
CNH		-	18.30
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	1,576.00
Murban Crude Oil	USD/barrel	34.72
Coffee	US Cents/lb.	97.80
Wheat	US Cents/Bushel	485.00
Corn	US Cents/Bushel	326.75

PART III: EQUITIES AND BOND TRADING

24th June 2020

MARKET COMMENTARY

The benchmark NSE All Share Index shed 1.43% on Wednesday to close at 138.46 points. The NSE20 and the NSE25 shed 0.32% and 0.85% to close at 1,943.5 and 3,241.78 points, respectively. Turnover recorded a 186% growth to close at KES 1.1 billion. The top counters on Wednesday were Safaricom Plc, Absa Bank Kenya and BAT Kenya Plc. The counters' turnover was KES 594.6 million, KES 120.3 million and KES 97.4 million, respectively. Foreign investors were net-sellers during Wednesday's session, accounting for 34.8% of the day's purchases and 81.1% of the day's net sales. The foreigners maintained net-selling positions on the top traded counters, with an increased interest on Safaricom attributed to the counter's price decline. The secondary bond market recorded a decline in activity, with bonds worth KES 3.20 billion transacted against the KES 5.69 billion worth of bonds traded in the previous trading session. The number of deals increase to 130. The Derivatives Market had 12 contracts valued at KES 407,805 concluded during Wednesday's trading session up from the 5 contracts valued at KES 146,000 transacted during Tuesday's trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	138.46	-1.43	-16.80
NSE20	1,943.50	-0.32	-26.78
NSE25	3,241.78	-0.85	-20.64
FTSE NSE25	184.54	-1.05	-19.59

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,116.2	2,147.0
Turnover (KES, millions)	1,129.86	397.15
Volume (millions)	64.04	29.91
Foreign Buys (%)	34.80	22.85
Foreign Sales (%)	81.07	72.92

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.3040	10.7000	200.00
FXD1/2019/15	12.7340	12.5500	215.50
IFB1/2020/9	10.8500	11.4000	500.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
ABSA Bank Kenya Plc	20.74	594.55	28.65
Safaricom Plc	12.03	120.34	10.00
Equity Group Holdings Plc	0.31	97.35	310.25



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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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