



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

26th 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

"Always deliver more than expected."

- Larry Page

PART I : DEALS & CORPORATE DEVELOPMENTS

26th June 2020

Kenya

Deals

SwedFund injects KES 600 Million for SMEs

Kenya-based microfinance venture, Platcorp has secured a KES 600 million (EUR 5 million) loan from the Swedish Development Finance Institution (Swedfund) for onward lending to small and medium sized enterprises (SMEs) in the region.

Source: *Business Daily*

Equity hedges KES 2 Billion in DRC bank acquisition

Equity Group will pay the final KES 2.1 billion for its acquisition of a majority stake in DRC's Banque Commerciale Du Congo after two years in a move aimed at protecting itself against potential unforeseen liabilities in the target company. The Kenyan bank has signed an agreement to buy a 66.5% stake in BCDC from George Arthur Forrest for USD 105 million (KES 11.1 billion).

Source: *Business Daily*

Markets

Nairobi wins big in Africa venture capital funding

Kenya accounted for the second largest volume of venture capital deals in Africa after South Africa between 2015 and 2019, helped by its position as the eastern Africa regional economic hub. A report by the African Private Equity and Venture Capital Association (AVCA) on VC deals for the period shows that Kenya accounted for 18% of the USD 3.9 Billion (KES 415.4 Billion) total VC deals in the five-year period, translating to about USD 702 Million (KES 74.8 Billion).

Source: *Business Daily*

International

Deals

Djibouti sets up sovereign wealth fund, targets USD 1.5 Billion in 10 years

Djibouti is setting up a sovereign wealth fund for domestic and regional investment, aiming to fund it to the tune of USD 1.5 billion over the next decade. Wealthy nations traditionally use sovereign wealth funds to invest surplus billions overseas to prevent inflation at home, diversify income streams and accumulate savings.

Source: *Business Daily*

PART II: TREASURY UPDATE

25th June 2020

LOCAL MARKET

The Kenyan Shilling was range-bound against the Dollar on Thursday to close at 106.35/106.85. The NSE 20 share index edged lower by 5.53 points to close at 1,937.96 while in the secondary market, bonds worth KES 4.3 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar edged higher on Thursday on the back of positive data and as demand for the currency increased. Durable Goods Orders and quarter-on-quarter GDP Price Index increased to 4.0% from -8.25 and 1.6% from 1.4% respectively. Negative data did little to affect the currency as the annualised GDP and Initial Jobless Claims all performed poorly at -5.0% from 2.0% and 1.48 million against a forecast of 1.3 million respectively. EUR was lower by 0.32% to close at 1.1214 on the back of increased demand for the Dollar. GBP edged lower by 0.1% to close at 1.2406 on Brexit fears and a second wave of the Covid-19 pandemic. The impasse currently is with the E.U urging the U.K to follow EU law on competition and standards whereas the EU has already struck free trade deals with other countries without making similar demands.

In the US stock market; the Dow Jones Industrial Average edged higher by 299.66 points to close at 25,745.60; the S&P 500 gained by 33.43 points to close at 3,083.76 while the Nasdaq Composite edged higher by 107.84 points to close at 10,017.00.

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	3.275	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		105.55	106.95
GBP		129.50	133.70
EUR		117.00	120.70
CHF		110.50	113.80
JPY		0.9800	1.0020
ZAR		5.60	6.60
INR		-	1.4320
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	1,570.00
Murban Crude Oil	USD/barrel	36.63
Coffee	US Cents/lb.	95.80
Wheat	US Cents/Bushel	487.50
Corn	US Cents/Bushel	321.50

PART III: EQUITIES AND BOND TRADING

25th June 2020

MARKET COMMENTARY

The benchmark NSE All Share Index shed 0.65% to close Thursday at 137.56 points. The NSE20 and the NSE25 shed 0.29% and 0.20% to close at 1,937.96 and 3,235.27 points, respectively. A 39% decline in turnover was recorded and the market closed at KES 696.6 million worth of equity trades. The top counters of the day were Safaricom Plc, Equity Group & KCB Group Plc. The counters' turnover stood at KES 525.1 million, KES 41.3 million and KES 29.6 million, respectively. Foreign investors maintained a net-selling position during Thursday's session, accounting for 34.3% of the day's purchases and 89.8% of the day's net sales. The foreigners maintained net-selling positions on the top traded counters, with significant activity on Safaricom & Equity Bank. The secondary bond market recorded a rise in activity, with bonds worth KES 4.31 billion having been transacted against the KES 3.20 billion traded in the previous trading session. The number of deals increase to stand at 139. The Derivatives Market had 5 contracts valued at KES 111,000 transacted in Thursday's trading session. Two Safaricom contracts worth KES 58,000 expiring in 17th Dec 2020 were concluded at a price of KES 29.00. This is against an end of day price of KES 28.30 in the spot market.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.56	-0.65	-17.34
NSE20	1,937.96	-0.29	-26.99
NSE25	3,235.27	-0.20	-21.10
FTSE NSE25	184.11	-0.23	-19.77

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,102.4	2,116.2
Turnover (KES, millions)	696.57	1,129.86
Volume (millions)	29.36	64.04
Foreign Buys (%)	34.27	34.80
Foreign Sales (%)	89.76	81.07

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2017/5	12.4650	9.8500	200.00
FXD4/2019/14	12.2800	12.1000	945.00
IFB1/2020/6	10.2000	10.6000	200.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	18.56	525.14	28.30
Equity Group Holdings Plc	1.18	41.32	34.95
KCB Group Plc	0.80	29.57	36.80



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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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