



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

30th 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

"Don't worry about people stealing your design work. Worry about the day they stop."
- Jeffrey Zeldman

PART I : DEALS & CORPORATE DEVELOPMENTS

30th June 2020

Kenya

Markets

Treasury hits year target as bonds appetite grows

The Treasury last week achieved its domestic borrowing target of KES 409 billion for the 2019/2020 fiscal year after taking up a net of KES 15.7 billion in June bond and bills auctions amid heavy investor appetite. The target had initially been set at KES 389 billion but was revised upwards by KES 20 billion as the government's need for money rose due to factors such as Covid-19 and the locust outbreak, with lower than expected tax collection.

Source: Business Daily

Kenyan shilling holds steady against the dollar

The Kenyan shilling was stable on Monday supported by increased diaspora remittances amid low demand for dollars from merchandise importers, traders said. At 0839 GMT, commercial banks quoted the shilling 106.45/65 per dollar, the same as Friday's closing rate.

Source: African Reuters

Economy

Industrialists eye cheaper loans to boost recovery

Manufacturers have asked the State to ease importation of raw materials, relax operational restrictions and compel banks to lower lending rates as the country plans to reopen after three months of lockdown. The industrialists also want the government to consider an emergency rescue package for businesses hard hit by effects of covid-19 control restrictions with suggestions to have direct monetary support to their employees kicked out of employment.

Source: Business Daily

Kenya loses KES 80 Billion tourism revenue to Covid in six months

The tourism industry has lost KES 80 billion in the first six months of the year, Tourism Cabinet Secretary Najib Balala said Monday, highlighting the adverse effects of Covid-19. Mr Balala said the sector that contributed about 10 percent of the gross domestic product was on its knees mainly due to ban on international flights and movement restrictions that have affected domestic tourism.

Source: Business Daily

PART II: TREASURY UPDATE

29th June 2020

LOCAL MARKET

The Kenyan Shilling was range-bound against the Dollar on Monday to close at 106.40/106.90. The NSE 20 share index edged higher by 13.64 points to close at 1,952.26 while in the secondary market bonds worth KES 1.1 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar edged higher on Monday on the back of positive economic data that has been coming out of the U.S of late and increased demand for the currency. The month-on-month and year-to-year Pending home sales grew to 44.3% from -21.8% and 99.6% from 69.0% respectively. EUR gained by 0.11% to close at 1.1229 on the back of positive data. The year-on-year German CPI and Harmonised German CPI all grew to 0.9% from 0.6% and 0.8% from 0.5% respectively. The month-on-month German CPI and Harmonised German CPI also grew to 0.6% from -0.1% and 0.8% from 0.5% respectively. GBP edged lower by 0.5% to close at 1.2280 as the economic outlook of the currency looks dim and Brexit fears loom. The U.K which is known to run a current account deficit faces challenges with its current lockdown as economic activity is at an all-time low. The currency is also getting pressure from shaky Brexit negotiations with EU.

In the US stock market; the Dow Jones Industrial Average edged higher by 580.25 points to close at 25,595.80; the S&P 500 gained by 44.19 points to close at 3,053.24 while the Nasdaq Composite edged higher by 116.93 points to close at 9,874.15.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.700	8.500	2.689	6.404
182 Day T-Bill	7.395	10.100	3.274	6.967
364 Day T-Bill	8.194	11.100	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		105.70	107.00
GBP		128.00	132.00
EUR		117.00	120.80
CHF		110.10	113.30
JPY		0.9750	1.0020
ZAR		5.70	6.60
INR		-	1.4320
CNH		-	18.20
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	1,609.00
Murban Crude Oil	USD/barrel	36.38
Coffee	US Cents/lb.	100.10
Wheat	US Cents/Bushel	484.00
Corn	US Cents/Bushel	327.00

PART III: EQUITIES AND BOND TRADING

29th June 2020

MARKET COMMENTARY

The benchmark NSE All Share Index gained 0.75% to close Monday's session at 138.79 points whilst the NSE20 and the NSE25 share indices gained 0.70% and 0.48% to close at 1,952.26 and 3,246.93 points, respectively. Turnover decreased to KES 253.3 million from the KES 347.5 Million recorded in the previous session. The top counters were Safaricom, East African Breweries and Equity Group. The counters' turnover stood at KES 96.6 million, KES 67.3 million and KES 45.1 million respectively. Foreign investors maintained a net-selling position accounting for 84.3% of the day's sales and 71.8% of the day's purchases. The foreigners were keen on EABL and Safaricom. Secondary bond market turnover was lower, with bonds worth KES 1.17 billion transacted against the KES 4.61 billion worth of bonds traded in the previous trading session. The number of deals declined to 103. The Derivatives Market had 6 contracts valued at KES 201,000 transacted in today's trading session. Five KCB contracts worth KES 173,000 expiring in 17th Sep 2020 were concluded at a price of KES 34.60. This is against an end of day price of KES 36.40 posted in the spot market.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	138.79	0.75	-16.60
NSE20	1,952.26	0.70	-26.45
NSE25	3,246.93	0.48	-20.82
FTSE NSE25	184.53	-0.06	-19.59

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,121.3	2,105.4
Turnover (KES, millions)	253.30	347.54
Volume (millions)	8.53	13.28
Foreign Buys (%)	71.83	58.83
Foreign Sales (%)	84.34	94.02

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2010/15	10.2500	10.8500	150.00
IFB1/2016/15	12.0000	11.1500	100.00
IFB1/2020/6	10.2000	10.2500	500.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	3.34	96.64	28.90
East African Breweries Plc	0.40	67.31	170.25
Equity Group Holdings Plc	1.29	45.10	35.10



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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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