



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

3rd 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

"Success is not final; failure is not fatal: it is the courage to continue that counts."
– Winston Churchill

PART I : DEALS & CORPORATE DEVELOPMENTS

3rd June 2020

Kenya

Deals

Chandaria Capital joins KES 250 Million game funding

Kenya's Chandaria Capital has joined equity investors in raising KES 250 million that will enable game developer Carry1st to launch commercial operations in Kenya and across Africa. Without revealing the amount raised by the Kenyan firm, it said the fundraising round led by CRE Venture Capital included Perivoli Innovations, Lateral Capital, Transsion's Future Hub and Kam Kronenberg III, among others, now brings the total seed capital raised to KES 400 Million.

Source: *Business Daily*

Nigeria's Access Bank injects USD 9 Million into Rwandan subsidiary

Nigeria's largest retail bank, Access Bank Plc, has more than doubled its investment in its Rwandan subsidiary after acquiring Kenya's Transnational Bank four months ago. Access Bank, with more than 36 million customers across the continent, is boosting the performance of its East African subsidiaries. Access Bank (Rwanda) posted a 56% drop in net profit to USD 646,702 from USD 1.46 million in 2018 according to the bank's 2019 annual report.

Source: *The East African*

Markets

Payments push interbank rate to 7-month low

Government payments supported increased liquidity in the market, pushing down bank-to-bank lending rates to nearly a seven-month low last Friday. Data from the Central Bank of Kenya (CBK) showed that the rate – also called the interbank rate – stood at 3.28% last Friday compared to 3.37% on the previous day. The last time the interbank rate stood at lower than this level (3.20%) was on November 19 last year.

Source: *Business Daily*

Economy

Treasury cuts tax remission on raw materials for low-end beers

The Treasury has proposed to cut excise duty remission on millet, sorghum and cassava by 20% in the latest blow to beer makers already hurting from Covid-19 containment measures. The reduction in the rate of excise duty that is forgiven (remission) from 80% to 60% , implies consumers will be asked to pay more for the low-end beers meant for a price-sensitive market segment.

Source: *Business Daily*

PART II: TREASURY UPDATE

2nd June 2020

LOCAL MARKET

The Kenyan Shilling gained against the Dollar on Tuesday to close at 106.30/106.80. The NSE 20 share index edged lower by 16.78 points to close at 1931.29 while in the secondary, bonds worth KES 756 million were transacted

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar lost ground against other major currencies on Tuesday as focus shifted to the global economic recovery and prospects of more government stimulus. The Dollar was also weighed down by the risks posed by the ongoing nationwide U.S protests against racism and police brutality with U.S President Donald Trump threatening to use the military to control the situation. The Sterling Pound gained against the U.S Dollar to trade above 1.2500 levels, being supported by the possibility of Britain willing to compromise on some points in the Brexit negotiations with the European Union. The UK have until July 1 to request for an extension to the current transition period that ends in December. The Euro strengthened against the Dollar to last trade at 1.1180 on hopes that policy makers will support the euro zone's weakest economies. The European central Bank is expected to increase its 750billion euro bond-buying programme, by around 500 billion.

In the US stock market; the Dow Jones Industrial Average gained by 267.63 points to close at 25,742.65; the S&P 500 added 25.09 points to close at 3,080.82 while the Nasdaq Composite edged higher by 56.33 points to close at 9,608.38.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.333	8.886	2.990	6.264
182 Day T-Bill	8.248	10.999	3.500	6.657
364 Day T-Bill	9.198	12.269	4.700	8.021
Inflation Data	5.50	3.20	3.30	8.00

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.50	106.90
GBP		132.80	134.80
EUR		118.20	120.40
CHF		110.25	111.75
JPY		0.9730	0.9930
ZAR		5.60	6.60
INR		-	1.4320
CNH		-	17.60
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	1547.00
Murban Crude Oil	USD/barrel	35.51
Coffee	US Cents/lb.	98.20
Wheat	US Cents/Bushel	507.50
Corn	US Cents/Bushel	322.50

PART III: EQUITIES AND BOND TRADING

2nd June 2020

MARKET COMMENTARY

The NSE All Share Index opened the week after a long weekend with a marginal gain of 0.34% to close at 137.60 basis points. The NSE20 and the NSE25 share indices however shed 0.86% and 0.05% to close at 1,931.29 & 3,202.28 basis points respectively. Turnover for Tuesday was lower, closing at KES 603.4 million against the KES 899 million recorded during the previous trading session. Similarly, the day's volumes were lower, with 25.2 million shares changing hands against the 36.1 million recorded during Friday's trading session. Foreign investors maintained a net selling position and accounted for 65.2% of total market purchases and 94.1% of total market sales. Foreign activity remained high on Safaricom Plc which emerged as the top mover in the day's session, with 13.3 million shares valued at KES 382 Million having been traded. Turnover on the bond market plummeted to KES 756.2 million from the KES 4.71 billion transacted during Friday's trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.60	0.34	-17.30
NSE20	1,931.29	-0.86	-27.24
NSE25	3,202.28	-0.05	-21.91
FTSE NSE25	181.91	0.31	-20.73

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,103.0	2,095.9
Turnover (KES, millions)	603.35	899.24
Volume (millions)	25.18	36.12
Foreign Buys (%)	65.19	37.23
Foreign Sales (%)	94.11	64.44

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD4/2019/10	12.2800	12.2000	125.00
FXD2/2019/15	12.7340	12.6947	150.00
IFB1/2016/16	11.7500	12.4712	250.00

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	13.30	382.30	28.75
Equity Group Holdings Plc	2.25	78.91	35.05
KCB Group Plc	1.61	56.98	35.40

Source: Faida Investment Bank



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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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