



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

4th 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

"Play by the rules, but be ferocious."

- Phil Knight

PART I : DEALS & CORPORATE DEVELOPMENTS

4th June 2020

Kenya

Deals

Nigeria's Platform Capital invests in East African consumer credit company

Nigeria-based Platform Capital, a growth markets investor, has announced its investment in Lipa Later, a technology-driven, consumer credit platform in East Africa. Lipa Later is unlocking untapped retail potential through financial inclusion, by leveraging data analytics to provide African consumers with access to convenient and affordable credit..

Source: African Private Equity News

Markets

NSE May sales up 16% on profit-taking rally

The value of shares traded at the Nairobi Securities Exchange (NSE) in May rose 15.5% as investor activity on large stocks rallied partly on profit-taking. NSE data shows equities turnover stood at KES 14.56 billion, compared to KES 12.61 billion in April. The cumulative turnover for the first five months of the year stood at KES 70.87 billion, up by 4.8% compared to the KES 67.6 billion traded in the first five months of 2019.

Source: Business Daily

Economy

How Eurobond owners forced Kenya from G20 debt relief

A restrictive clause in the Eurobond terms stopped Kenya from seeking a suspension of debt payments under a G20 initiative aimed at helping poor countries weather the Covid-19 disease pandemic. Eurobond terms indicate that non-payment of Kenya's external debt, including seeking moratoriums, would be considered as defaulting, which could trigger a demand for the country to pay the entire Eurobond worth USD 6.1 billion (KES 652.7 billion).

Source: Business Daily

Corporate

Platform links loan borrowers to lenders

Launched by Nairobi-based Sunbridge Online Merchants Ltd, Kopalink enables fast online delivery of loans and related services to customers at their convenience and in a speedy and transparent manner. Kopalink is not a lender, but simply links borrowers to financial institutions from across the country.

Source: Business Daily

PART II: TREASURY UPDATE

3rd June 2020

LOCAL MARKET

The Kenyan Shilling continued to gain against the Dollar on Wednesday to close at 105.90/106.40. The NSE 20 share index edged up by 4.87 points to close at 1936.17 while in the secondary, bonds worth KES 2 billion were transacted.





INTERNATIONAL MARKET OVERVIEW

The US Dollar lost ground on Wednesday against its peers as optimism on economic re-openings and recovery continued to dominate the markets. On the Data front, U.S economic data released showed that private payrolls fell less than expected in May, suggesting that layoffs have reduced as businesses re-open. The Euro gained to 1.1258 against the Dollar on expectations of a European Commission Recovery fund on Thursday to support the weak economies in the Euro zone. Economic data released in the Euro Zone had little effect on the currency. The data showed that euro zone business contracted in the month of May. The Sterling Pound rose to 1.2600 against the Dollar as markets continued to react to the possibility of Britain willing to compromise on some points with the European Union to reach a final Brexit deal. Prime Minister Boris Johnson has until the end of June to ask for an extension.










In the US stock market; the Dow Jones Industrial Average gained by 527.24 points to close at 26,269.89; the S&P 500 added 42.05 points to close at 3,122.87 while the Nasdaq Composite edged higher by 74.54 points to close at 9,682.91.

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		105.10	106.50
GBP		131.80	133.90
EUR		117.80	120.00
CHF		109.80	111.30
JPY		0.9680	0.9820
ZAR		5.60	6.60
INR		-	1.4200
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	1568.50
Murban Crude Oil	USD/barrel	34.12
Coffee	US Cents/lb.	99.10
Wheat	US Cents/Bushel	517.75
Corn	US Cents/Bushel	326.25



PART III: EQUITIES AND BOND TRADING

3rd June 2020

MARKET COMMENTARY

Wednesday's trading session marked an uptick in all the major benchmark indices with the NSE All share index adding 0.66 points to close the day at 138.26 basis points whilst the NSE20 and the NSE25 share indices gained 0.25% and 0.21% to close at 1,936.17 and 3,208.9% respectively. Equities turnover was lower, with the market closing at KES 396.6 million against the KES 603.4 million turnover recorded during the previous trading session. Volumes were also lower, with 15.4 million shares changing hands in comparison to the 25.18 million shares transacted during Tuesday's trading session. Foreign investors were net sellers in Wednesday's session, with 63.2% of total market purchases and 82.37% of total market sales. Foreign activity remained high on Safaricom Plc and East African Breweries Plc. The secondary bond market saw a marked rise in activity, recording turnover of KES 2.02 billion up from the KES 756.2 million recorded in the previous trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	138.26	0.48	-16.92
NSE20	1,936.17	0.25	-27.06
NSE25	3,208.90	0.21	-21.75
FTSE NSE25	184.87	1.38	-19.44

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,113.2	2,103.0
Turnover (KES, millions)	396.59	603.35
Volume (millions)	15.42	25.18
Foreign Buys (%)	63.21	65.19
Foreign Sales (%)	82.37	94.11

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD4/2019/10	12.2800	12.1000	125.00
IFB1/2019/25	12.2000	12.6500	300.00
IFB1/2020/9	10.8500	11.7500	400.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	6.22	181.06	29.10
Equity Group Holdings Plc	2.55	88.70	35.05
East African Breweries Plc	0.30	49.52	165.25



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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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