



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

5th 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

“Even if you are on the right track, you’ll get run over if you just sit there.”
- Will Rodgers

PART I : DEALS & CORPORATE DEVELOPMENTS

5th June 2020

Kenya

Deals

MIT venture vehicle backs Kenyan healthcare company

MIT Solve, through its venture vehicle Solve Innovation Future, has announced an investment in Access Afya. Access Afya is a Kenyan-based company which maintains a chain of clinics, pharmacies and mobile health facilities. Launched in 2019, Solve Innovation Future uses debt, equity and alternative structures to invest in entrepreneurs driving social and environmental impact. Investment amounts range from USD 75,000 to USD 250,000.

Source: African Private Equity News

Saudi billionaire prince sells iconic Norfolk in KES 2.8 Billion deal

Saudi billionaire Prince Al-Waleed bin Talal has sold his stake in the troubled Fairmont The Norfolk and Fairmont Mara Safari Club to a Nepalese tycoon for KES 2.8 billion. The mega deal was closed ahead of the global spread of Covid-19. The two hotels came to the limelight last week after the management announced it was firing all the employees, citing the effects of the Coronavirus pandemic.

Source: Business Daily

Markets

KRA new rules target e-commerce

The Kenya Revenue Authority (KRA) is targeting e-commerce platforms with new taxes to fund KES 3 trillion 2020/2021 budget. Under the draft 2020 Value Added Tax (Digital Market Supply) Regulation, downloadable digital contents, subscription based media, software programs, electronic data management and supply of music, film and games will be taxed.

Source: Business Daily

Economy

Public debt climbs to KES 6.28 Trillion on 13 new loan deals

Kenya’s debt grew by 15% to KES 6.28 trillion in the three months to March, from similar period last year, documents tabled before Parliament show. The quarterly economic and budgetary report shows that the Jubilee administration signed 13 loan deals in the period leading to the KES 864.4 billion rise in total public debt from KES 5.42 trillion as at March last year.

Source: Business Daily

PART II: TREASURY UPDATE

4th June 2020

LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Thursday to close at 106.00/106.50. The NSE 20 share index edged lower by 4.98 points to close at 1931.18 while in the secondary, bonds worth KES 4.4 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar lost ground against its peers as risk sentiment improved and stocks jumped on optimism that the economy is on its way to recover with social distancing restrictions being eased. Economic data released in the U.S showed that weekly jobless claims dropped below 2 million for the first time since mid-March, which was still larger than their highest levels during the global financial crisis. The Euro gained to a high of 1.1338 against the dollar after the European Central bank increased the emergency bond purchase scheme beyond market expectations to support the Euro zone economies and strengthen the recovery. The ECB increased the scheme by 600 billion euros, more than 500 billion expected by markets, to 1.35 trillion and extended the scheme to mid-2021. The GBP edged up against the Dollar to 1.2611, being supported by the ongoing Brexit negotiations and broad Dollar weakness. The UK have an end of June deadline by which they are expected to make a decision on whether they want an extension of the transition period.

In the US stock market; the Dow Jones Industrial Average gained by 11.93 points to close at 26,281.82; the S&P 500 dropped 10.52 points to close at 3,112.35 while the Nasdaq Composite edged lower by 67.10 points to close at 9,615.81.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.325	8.886	2.990	6.264
182 Day T-Bill	8.200	10.999	3.500	6.657
364 Day T-Bill	9.165	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		133.00	135.00
EUR		119.50	121.50
CHF		110.00	112.00
JPY		0.9680	0.9820
ZAR		5.60	6.60
INR		-	1.4250
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	1570.50
Murban Crude Oil	USD/barrel	35.47
Coffee	US Cents/lb.	98.15
Wheat	US Cents/Bushel	527.25
Corn	US Cents/Bushel	329.50

PART III: EQUITIES AND BOND TRADING

4th June 2020

MARKET COMMENTARY

The NSE All Share and the NSE 25 share indices rose on Thursday by 0.96% and 0.3%, to close at 139.59 and 3,218.45 basis points, respectively. The NSE 20 index however, lost ground, shedding 0.26% to close the day at 3,218.45 basis points. The daily turnover rose by 41.2% to close at KES 596 million against Wednesday's turnover of KES 397 million. Volumes also rose with 22.5 million shares changing hands, as compared to the 15.4 million shares traded on Wednesday. Foreign investors maintained a net selling position, accounting for 44.16% of total market purchases and 65.64% of total market sales. Foreign investor activity was trained on Equity Group Plc during Thursday's trading session. The secondary bond market recorded a rise in turnover, with bonds valued at KES 4.45 billion changing hands from the KES 2.02 billion recorded in the previous trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	139.59	0.96	-16.12
NSE20	1,931.18	-0.26	-27.25
NSE25	3,218.45	0.30	-21.51
FTSE NSE25	183.77	-0.60	-19.92

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,113.6	2,113.2
Turnover (KES, millions)	595.70	396.59
Volume (millions)	22.49	15.42
Foreign Buys (%)	44.16	63.21
Foreign Sales (%)	65.64	82.37

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2020/5	11.6670	11.5000	500.00
FXD1/2018/25	13.4000	13.3800	1,000.00
IFB1/2020/9	10.8500	11.4500	675.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Equity Group Holdings Plc	7.08	242.74	34.30
Safaricom Plc	6.36	188.38	29.60
Kenya Reinsurance Co'	2.87	6.32	2.21



DISCLAIMER

This document has been prepared on the basis of information and forecasts in the public domain. None of the information on which the document is based has been independently verified by *I&M Burbidge Capital Limited* nor its affiliate bodies and associates, who do not take responsibility for the content thereof and do not accept any liability with respect to the accuracy or completeness, or in relation to the use by any recipient of the information, projections, opinions contained in this document.

This document is purely for information purposes only and should not be relied upon to make any investment decisions or any other decisions. Any liability is disclaimed, including incidental or consequential damages arising from error or omission in this document.

About I&M Burbidge Capital

I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority creating long term advisory relationships & solutions across Eastern Africa.

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.

Head Office

3rd Floor, Block A, Eldama Park
Eldama Ravine Road, Westlands
P.O Box 51525-00100
Nairobi, Kenya
Tel: +254 (0) 20 3221160

Kampala Office

4th Floor, Acacia Mall, 14-18
Cooper Road, Kisementi
Kampala, Uganda
Tel: +256 (0) 794 476 967



i&MBurbidgeCapital