



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

covering **8th June 2020** and the week ending **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

"The real test is not whether you avoid this failure, because you won't. It's whether you let it harden or shame you into inaction, or whether you learn from it; whether you choose to persevere."

- Barack Obama

PART I : DEALS & CORPORATE DEVELOPMENTS

8th June 2020

Kenya

Deals

DFC commits USD 30 Million to African PE fund

The U.S. International Development Finance Corporation (DFC) has approved an investment of up to USD 30 million in the AfricInvest Fund IV. The fund will invest in businesses in highly developmental sectors such as healthcare and financial services across Côte d'Ivoire, Kenya, Nigeria, Egypt, and other African countries.

Source: African Private Equity News

Markets

April mobile cash deals hit 2-year low

Cash transacted through mobile phones and tablets in April fell to the lowest level in more than two years on the back of reduced earnings by businesses and workers. Central Bank of Kenya (CBK) statistics show mobile payments fell by KES 56.52 billion to KES 307.99 billion in the first full month after Kenya enforced partial trade lockdowns to stem the spread of the virus.

Source: Business Daily

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 programmes, electronic data management and supply of music, film and games will be taxed.

Source: Business Daily

Economy

Kenya overtakes Angola as third-largest economy in Sub-Saharan Africa

Kenya has overtaken Angola as the third-largest economy in Sub-Saharan Africa, International Monetary Funds' (IMF) fresh estimates released Friday have shown. Kenya now is behind Nigeria and South Africa.

Source: Business Daily

PART II: TREASURY UPDATE

For the week ending 5th June 2020

LOCAL MARKET

The Kenya Shilling traded within its recent ranges against U.S Dollar during the week ending 5th June. The local unit closed at 105.95 / 106.45. In the local equities market, the main NSE 20 share closed the week at 1939.59, 8.49 points lower while in the secondary market bonds worth KES 9.4 billion were transacted, lower than KES 13.7 billion traded the previous week.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar lost ground against other major currencies during the week as focus shifted to the global economic recovery and prospects of more government stimulus with social distancing restrictions being eased. 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. 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. 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 U.S non-farm payrolls rose by 2.509 million jobs last month in contrast with estimates of a fall of 8 million jobs. The better than expected data raised hopes of a quick economic recovery.

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. Prime Minister Boris Johnson has until the end of June to ask for an extension to the current transition period that ends in December. The pound had been recently weighed down by Britain's high Covid-19 death toll as well as Brexit related risks and the prospects of negative interest rates. It was however boosted by news that negative interest rates would not be introduced in the near term and broad Dollar weakness.

The Euro strengthened against the Dollar during the week on hopes that policy makers will support the euro zone's weakest economies. The European central Bank was expected to increase its 750billion euro bond-buying programme, by around 500 billion. 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. On Thursday 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 Euro rose to a 12 week high of 1.1384 against the Dollar.

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		133.70	135.70
EUR		118.60	120.60
CHF		109.70	111.00
JPY		0.9650	0.9770
ZAR		5.50	6.70
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	1591.50
Murban Crude Oil	USD/barrel	38.15
Coffee	US Cents/lb.	98.90
Wheat	US Cents/Bushel	510.50
Corn	US Cents/Bushel	331.50

PART III: EQUITIES AND BOND TRADING

For the week ending 5th June 2020

WEEKLY MARKET COMMENTARY

The benchmark NSE All share index (NASI) and the NSE 25 share index on Friday shed 0.29% and 0.55% to close at 139.18 and 3,200 basis points respectively. The NSE20 share edged higher by 0.44% to close at 1,939.59 basis points. Week on week, the NASI was up 1.49%. Turnover during Friday's trading session was up closing at KES 706 million over Thursday's session which closed at KES 595 million. The number of shares traded on Friday was also higher at 35.8 million shares against the 22 million shares transacted during Thursday's trading session. Foreign investors maintained a net selling position during Friday's trading session, accounting for 49.6% of total market purchases and 78.29% of total market sales. Foreign investors held major positions on Safaricom Plc and Equity Group shares during the week. The secondary bond market recorded a decline in turnover on Friday, with bonds valued at KES 2.27 billion having been traded, down from the KES 4.45 billion traded on Thursday. The week's bond turnover closed at KES 9.4 billion.

INDEX MOVEMENTS

Index	Closing	% Change Daily	%Change Weekly	% YTD
NASI	139.18	-0.29	1.96	-16.36
NSE20	1,939.59	0.44	-1.27	-26.93
NSE25	3,200.71	-0.55	-0.44	-21.94
FTSE NSE25	184.07	0.16	0.89	-19.79

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,127.2	2,113.6
Turnover (KES, millions)	706.37	595.70
Volume (millions)	35.82	22.49
Foreign Buys (%)	49.60	44.16
Foreign Sales (%)	78.29	65.64

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD2/2019/10	12.3000	12.1250	100.00
IFB1/2020/6	10.2000	11.0500	500.00
IFB1/2020/6	10.2000	11.2000	500.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Equity Group Holdings Plc	8.20	241.64	29.50
Safaricom Plc	5.27	174.81	33.15
KCB Group Plc	4.52	148.42	34.90

Source: Faida Investment Bank



PART IV: WEEKLY SUMMARY OF DEALS AND BUSINESS INSIGHTS

For the week ending 5th June 2020

EAST AFRICA DEALS OF THE WEEK & FUNDRAISING ANNOUNCEMENTS

Target Company / Fund	Acquirer Company/Investor	Deal Type	Synopsis	Deal Value (USD Million)	Sector	Country/Region
Carry1st	Chandaria Capital	VC	Kenya's Chandaria Capital 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.	2.5	Retail	Kenya
Access Bank Rwanda	Access Bank	M&A	Nigeria's largest retail bank, Access Bank Plc, 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.	Undisclosed	Financial Services	Rwanda
Lipa Later	Platform Capital	VC	Nigeria-based Platform Capital, a growth markets investor, 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.	Undisclosed	Fintech	Kenya
Access Afya	Solve Innovation Future	VC	MIT Solve, through its venture vehicle Solve Innovation Future, 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.	Undisclosed	Healthcare	Kenya
Fairmont Hotel	Chaudhary Group	M&A	Saudi billionaire Prince Al-Waleed bin Talal 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. Prince Al-Waleed, through his investment vehicle, Kingdom Holding, sold his stake to the Chaudhary Group (CG).	28	Hospitality	Kenya



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