



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

1st July 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 value of an idea lies in the using of it."

- Thomas Edison

PART I : DEALS & CORPORATE DEVELOPMENTS

1st July 2020

Kenya

Deals

Jubilee firms grip on Uganda's Bujagali

Jubilee Holding has bought an additional 9.44% stake in Uganda's Bujagali Energy Limited (BEL) for KES 4.2 billion (USD 40 million), doubling its ownership in the hydroelectric power plant. The firm announced Tuesday it bought more shares from its technical partners, SN Power, in the 250-megawatt Bujagali dam on the River Nile. Jubilee bought the stake after former partners Sithel Global exited in July 2018, leaving the stake to SN Power, which remains with a majority shareholding of 55.45%.

Source: *Business Daily*

Economy

June inflation drops to 9-month low

A sustained fall in prices of food and non-alcoholic beverages has pulled down the cost of living to a nine-month low even as households continue to lose incomes under the coronavirus lockdowns. Data released by the Kenya National Bureau of Statistics (KNBS) shows the cost of living measure, the inflation rate, fell to 4.59% in June.

Source: *Business Daily*

Kenya's economy expands by 4.9% in the first quarter of this year

Kenya's economy grew by 4.9% in the first quarter of this year, down from a rate of 5.5% in the same quarter last year, the statistics office said on Tuesday.

Source: *African Reuters*

Corporate

Flame Tree sets sights on corporate bond

Flame Tree Group intends to issue a corporate bond to fund growth despite the reduced investor appetite following loss of money in Chase and Imperial bank securities. Chief executive Heril Bangera says in the latest annual report the firm is working on issuing the bond to help the Nairobi Securities Exchange-listed firm grow.

Source: *Business Daily*

Tatu City, Absa Bank sign mortgage financing deal

Tatu City has inked a deal with Absa Bank Kenya that will see home buyers and developers access preferential mortgages at the Kiambu County-based Special Economic Zone development. The bank will provide home ownership solutions such as construction loans, equity releases and Lariba mortgages, as well as insurance products such as mortgage protection, fire insurance and retrenchment cover.

Source: *Business Daily*

PART II: TREASURY UPDATE

30th June 2020

LOCAL MARKET

The Kenyan Shilling weakened slightly against the Dollar on Tuesday on the back of end of month demand to close at 106.45/106.95. The NSE 20 share index edged lower by 10.14 points to close at 1,942.12 while in the secondary market bonds worth KES 2.4 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar edged lower on Tuesday as a surge in Covid-19 cases continues to affect the economy. Federal Reserve Chair Jerome Powell in a speech at the U.S House of representatives said that they are willing to do more to battle for the US economy by lowering the minimum loan threshold under the Main Street lending program in the future. EUR was steady to close at 1.1234 as positive economic data did little to move the currency. The year-on-year Eurozone CPI edged higher to 0.3% from 0.1%. The currency is still being weighed down by the lack of collective agreement on the corona-bond with four countries still opposing it. GBP edged lower majorly on the back of poor economic data. The year-on-year and quarter-on-quarter UK GDP dipped to -1.7% from 1.1% and -2.2% from 0.0% respectively. The UK ignored its Tuesday deadline on which it could ask for an extension of the Brexit talks despite no positive progress being made on the negotiation table.

In the US stock market; the Dow Jones Industrial Average edged higher by 217.08 points to close at 25,812.88; the S&P 500 gained by 47.05 points to close at 3,100.29 while the Nasdaq Composite edged higher by 184.61 points to close at 10,058.77.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.700	8.500	2.691	6.404
182 Day T-Bill	7.395	10.100	3.276	6.967
364 Day T-Bill	8.194	12.350	4.181	8.196
Inflation Data	4.59	4.10	3.20	9.20

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.70	107.00
GBP		129.00	133.00
EUR		117.00	120.80
CHF		110.80	114.00
JPY		0.9750	1.0020
ZAR		5.70	6.60
INR		-	1.4320
CNH		-	16.50
RWF		5.00	12.00

INDICATIVE DEPOSIT RATES

Fixed period	1M	3M	6M	1Yr
KES (50,000< 5 Million)	6.00	6.25	6.75	7.00
KES (Above 100 Million)	6.50	7.25	7.75	8.25
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	1,619.50
Murban Crude Oil	USD/barrel	42.22
Coffee	US Cents/lb.	101.00
Wheat	US Cents/Bushel	495.75
Corn	US Cents/Bushel	344.50

PART III: EQUITIES AND BOND TRADING

30th June 2020

MARKET COMMENTARY

The benchmark indices of the NSE reversed gains from Monday's session, with the NASI down 0.8% to close at 137.68 points, on price dips of large cap counters. The NSE 20 and NSE 25 declined 0.52% and 0.92% to close at 1,942.12 and 3,217.11 points, respectively. Equity turnover rose 41.7% to USD 3.4 Million on increased trading of Safaricom. Safaricom dominated 66.4% of market activity in Tuesday's session, retreating 0.9% to KES 28.65 on increased foreign selling. Similarly, EABL shed 4.6% to be the leading laggard among top movers. Kenya Airways Plc was the only top mover with a price uptick, jumping 9.7% to close at a one-month high of KES 3.28 on increased local demand. Foreign investors maintained a net-selling position accounting for 84.4% of the day's sales and 31.74% of the day's purchases. The foreigners maintained interest on EABL and Safaricom. The Secondary bond market turnover recorded gains, with bonds worth KES 2.43 billion transacted against the KES 1.17 Billion worth of bonds traded in the previous trading session. The number of deals declined to 99. The Derivatives Market had 2 contracts valued at KES 50,000 transacted in Tuesday's trading session. One Equity Group Plc contract worth KES 34,000 expiring in 17th Sep 2020 was concluded at a price of KES.34.00. This is against an end of day price of KES.34.70 recorded in the spot market.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.68	-0.80	-17.26
NSE20	1,942.12	-0.52	-26.83
NSE25	3,217.11	-0.92	-21.54
FTSE NSE25	182.66	-1.01	-20.41

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.3040	10.6000	240.00
FXD1/2018/15	12.6500	12.1000	350.00
IFB1/2020/6	10.2000	10.2000	100.00

Source: Faida Investment Bank

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,104.3	2,121.3
Turnover (KES, millions)	359.05	253.30
Volume (millions)	15.53	8.53
Foreign Buys (%)	31.74	71.83
Foreign Sales (%)	84.41	84.34

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	8.32	238.34	28.65
KCB Group Plc	1.26	45.73	36.35
East African Breweries Plc	0.26	42.85	162.50



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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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