



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

3<sup>rd</sup> 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

*"Strategy is about what you choose not to do, as much as it is about what you choose to do."*

- Chris Lyman

## PART I : DEALS & CORPORATE DEVELOPMENTS

3<sup>rd</sup> July 2020

Kenya

### Market

#### **NSE turnover climbs to KES 83 Billion in six months**

The value of shares traded on the Nairobi Securities Exchange (NSE) in the first-half of the year rose by five percent, even as investors continue to experience a tough year in which the value of their holdings at the bourse has slumped by KES 436 billion in the six-month period.

Source: Business Daily

### Economy

#### **Tough loan guarantee terms for small firms**

The Treasury has set tough conditions for State-backed credit guarantees for small businesses affected by the Covid-19 pandemic, locking out many firms that had hoped to benefit from the scheme. Only micro, small and medium enterprises (MSMEs) with a maximum annual turnover of KES 100 million and 250 employees will qualify for loans guaranteed by the government, according to proposals in the Draft Public Finance Management Amendment Bill 2020.

Source: Business Daily

#### **United Kingdom now third biggest buyer of Kenyan goods**

The United Kingdom has overtaken the Netherlands and the US to become the third biggest buyer of Kenyan goods, latest official data shows, in the wake of coronavirus-induced lockdowns and international travel restrictions. Earnings from exports to the UK increased 12.22% in the first quarter of the year to KES13.29 billion compared to a similar period in 2019, according to the Kenya National Bureau of Statistics (KNBS) data.

Source: Business Daily

# PART II: TREASURY UPDATE

## 2<sup>nd</sup> July 2020

### LOCAL MARKET

The Kenyan Shilling receded marginally against the Dollar on Thursday to close at 106.60/107.10. The NSE 20 share index edged lower by 2.00 points to close at 1,945.64 while in the secondary market, bonds worth KES 2.0 billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

Trading on the U.S Dollar was mixed on Thursday on the back of increased Covid-19 cases and mixed economic data. The Private Nonfarm Payrolls and month-on-month Non-Farm Payrolls all edged higher to 4.767 million against a previous reading of 3.232 million and 4.8 million against a previous reading of 2.699 million respectively. However, the Initial Jobless Claims and Unemployment Rate all dipped to 1.427 million against a forecast of 1.355 million and 11.1% against a forecast of 12.3% respectively. EUR closed at 1.1235 as mixed data affected the currency. The year-on-year Euro-Zone PPI dipped to -5.0% from -4.5%. Positive data had little effect on the currency as the Euro-Zone Unemployment Rate and month-on-month Euro-Zone PPI both gained to 7.4% from 7.7% and -0.6% from 2.0% respectively. GBP was higher by 0.2% to close at 1.2499 as UK-EU negotiations entered their fourth day of talks in Brussels with the market expecting that the UK could secure a free trade deal with the European Union ahead of the December deadline. INR appreciated against the Dollar on Thursday after the Reserve Bank of India halted its aggressive purchases of Dollars.

In the US stock market; the Dow Jones Industrial Average edged higher by 92.39 points to close at 25,827.36; the S&P 500 gained by 14.15 points to close at 3,130.01 while the Nasdaq Composite edged higher by 53.00 points to close at 10,207.63.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.700	8.800	2.686	6.404
182 Day T-Bill	7.395	10.450	3.275	6.967
364 Day T-Bill	8.194	11.200	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		105.90	107.20
GBP		130.40	134.30
EUR		117.70	121.50
CHF		111.10	114.30
JPY		0.9750	1.0050
ZAR		5.70	6.70
INR		-	1.4510
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	1,621.00
Murban Crude Oil	USD/barrel	43.58
Coffee	US Cents/lb.	103.20
Wheat	US Cents/Bushel	492.00
Corn	US Cents/Bushel	343.50



# PART III: EQUITIES AND BOND TRADING

2<sup>nd</sup> July 2020

## MARKET COMMENTARY

The NSE20 and the NSE25 share indices were down during Thursday's session, declining 0.1% and 0.6% to close at 1,945.64 and 3,196.17 points, respectively. The All Share Index however recorded gains, adding 0.04 points to close at 137.77 points. Turnover was lower, shedding 40% to close at KES 289.71 million. Volumes on the market stood at 13.22 million shares 33% lower from Wednesday's 19.57 million shares. Safaricom, Equity Group and KCB were the day's top counters, moving 3.28 million, 2.41 million and 1.47 million shares during the day's trading session. Foreign investors maintained a net-selling position accounting for 71.13% of the day's sales and 35.31% of the day's purchases. Foreigners were net sellers on Safaricom and Equity Group. The secondary bond market's turnover recorded a marginal decline, with bonds worth KES 2.04 billion transacted against the KES 2.35 billion worth of bonds traded in the previous trading session. The number of deals rose to stand at 127. The Derivatives Market had 2 contracts valued at KES 64,050 transacted in Thursday's trading session, this was lower than the 4 contracts valued at KES 112,600 transacted the previous day.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.77	0.03	-17.21
NSE20	1,945.64	-0.10	-26.70
NSE25	3,196.17	-0.61	-22.06
FTSE NSE25	181.30	-0.52	-21.00

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,105.6	2,105.0
Turnover (KES, millions)	289.71	480.46
Volume (millions)	13.22	19.57
Foreign Buys (%)	35.31	35.96
Foreign Sales (%)	71.13	61.45

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2020/5	11.6670	10.8000	200.00
FXD3/2019/15	12.3400	12.6000	200.00
IFB1/2020/9	10.8500	11.0000	205.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	3.28	95.27	29.00
Equity Group Holdings Plc	2.41	79.45	33.00
KCB Group Plc	1.47	51.51	35.00





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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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