



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

9th 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

"It's in our best interest to put some of the old rules aside and create new ones and follow the consumer—what the consumer wants and where the consumer wants to go."

- Bob Iger

PART I : DEALS & CORPORATE DEVELOPMENTS

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Kenya

Deals

Safaricom buys KES 385 Million stake in UK gas company

Safaricom has bought a stake in UK firm, Circle Gas Limited at KES 384.6 million, marking its entry into cooking energy business as it continues to diversify revenue streams away from voice business. The telco discloses in the latest annual report that it completed the transaction last December, giving it 18.96% of the issued shares of the England-based firm.

Source: Business Daily

Centum buys out Bethuel Kiplagat shares in Sidian

Centum Investment-owned Bakki Holdico Limited, has acquired all the shares of the late ambassador Bethuel Kiplagat in Sidian Bank, raising its stake in the tier III lender above 80%. Sidian bank discloses this in the latest annual report which shows that the family of the diplomat sold its entire 8,254 shares or 0.2% stake in the bank to Bakki, a wholly-owned subsidiary of Centum Investment.

Source: Business Daily

Economy

Weak demand to keep inflation rate in check

Weak demand for goods due to the effects of Covid-19 on the economy will keep inflation towards the lower end of the Central Bank of Kenya's (CBK) preferred range in the third quarter of the year, despite an increase in fuel prices that would normally push the cost of living higher.

Source: Business Daily

Regional

Economy

Uganda growth to sink as low as 0.4% this year

Ugandan economic growth is set to plunge to as low as 0.4% in 2020 from 5.6% last year as the coronavirus crisis batters the east African economy ahead of presidential elections set for 2021, the World Bank found. The pandemic is expected to hit tourism, exports, and remittances, a report released on Wednesday said. It is also likely to damage investments in the country where long-awaited oil production could commence by 2022.

Source: African Reuters

PART II: TREASURY UPDATE

8th July 2020

LOCAL MARKET

The Kenyan Shilling receded marginally against the Dollar on Wednesday to close at 106.90/107.40. The NSE 20 share index edged lower by 32.94 points to close at 1,921.99 while in the secondary market bonds worth KES 4.5 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar edged higher on Wednesday as demand for the currency was higher. The surge in demand for dollars is due to market hedging as reported cases of Covid-19 continue to rise in the United States which have hit an all-time high of 3,158,932 with 134,862 reported mortalities. EUR rose by 0.4% to close at 1.133 despite concerns that the Eurozone's economy could be headed for a deeper recession than previously forecasted. The currency's strength comes from the strong Eurozone data that has been coming out of lately and hopes of Corona-bond passage. GBP was steady at 1.225 as the U.K. unveiled an ambitious £30 billion stimulus package to spur economic growth as the country emerges from a strict lockdown. In a raft of measure, the Finance Minister Rishi Sunak, announced that the government would pay bonuses to employers to bring workers back to their jobs and cut value-added tax on spending at hotels, restaurants and tourist attractions and subsidise temporary discounts on eating out to boost demand for services hardest-hit by the COVID-19 lockdown.

In the US stock market; the Dow Jones Industrial Average edged higher by 177.10 points to close at 26,067.28; the S&P 500 gained 24.62 points to close at 3,169.94 while the Nasdaq Composite edged higher by 148.61 points to close at 10,492.50

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.546	8.500	2.688	6.453
182 Day T-Bill	7.048	10.100	3.275	6.900
364 Day T-Bill	7.769	11.100	4.181	8.273
Inflation Data	4.59	4.10	3.20	9.20

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		106.20	107.50
GBP		132.70	136.60
EUR		119.10	122.90
CHF		112.50	115.70
JPY		0.9840	1.0100
ZAR		5.70	6.70
INR		-	1.4450
CNH		-	16.70
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	1,665.00
Murban Crude Oil	USD/barrel	44.13
Coffee	US Cents/lb.	100.00
Wheat	US Cents/Bushel	524.25
Corn	US Cents/Bushel	347.75



PART III: EQUITIES AND BOND TRADING

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MARKET COMMENTARY

The benchmark NSE all share index shed 0.74 points or 0.55% to close Wednesday's trading session at 134.40 points. The NSE20 and the NSE25 share indices declined by 1.68% and 0.63% to close at 1,921.99 and 3,134.37 points. Equity turnover on the exchange was 6% lower, closing at KES 822.84 million. The top counters on Wednesday were Safaricom, KCB Group and East African Cables Plc. The counters' turnover stood at KES 522.8 million, KES 104.8 million and KES 61.2 million respectively. Foreign investors were net-sellers accounting for 66.55% of Wednesday's sales and 28.46% of Wednesday's purchases. In terms of company specific foreign activity, foreigners maintained a net-selling position on Safaricom and KCB Group. The Secondary bond market turnover was higher, with bonds worth KES 4.50 billion transacted against the KES 3.24 billion worth of bonds traded on Tuesday. The number of deals rose to 111. The Derivatives Market had 7 contracts valued at KES 133,500 concluded during Wednesday's trading session.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	134.40	-0.55	-19.24
NSE20	1,921.99	-1.68	-27.59
NSE25	3,134.37	-0.63	-23.56
FTSE NSE25	176.36	-1.07	-23.15

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,053.98	2,065.31
Turnover (KES, millions)	822.84	877.97
Volume (millions)	29.74	31.70
Foreign Buys (%)	28.46	24.26
Foreign Sales (%)	66.55	94.02

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2020/5	11.6670	10.6500	250.00
FXD1/2019/10	12.4380	11.8750	500.00
IFB1/2014/12	11.0000	9.8500	500.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	18.69	522.79	28.00
KCB Group Plc	3.06	104.78	34.20
East African Breweries Plc	0.38	61.18	159.30



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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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