



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

14th 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

"People will try to tell you that all the great opportunities have been snapped up. In reality, the world changes every second, blowing new opportunities in all directions, including yours."

- Ken Hakuta

PART I : DEALS & CORPORATE DEVELOPMENTS

14th July 2020

Kenya

Deals

Co-op Bank cuts ownership in CIC Insurance to 24%

Co-Op Bank has reduced its indirect ownership in CIC Insurance to 24.8% after selling shares to a group of saccos for a total of KES 106.6 Million. The lender has been a long-term investor in CIC through the investment holding company Co-op Insurance Society Limited which has a 74.3% stake in the insurer.

Source: *Business Daily*

NSE buys KES 112 Million stake in shares clearing company

Nairobi Securities Exchange (NSE) Limited has nearly doubled its stake in Central Depository & Settlement Corporation Limited to 40.5% with two deals valued at KES 111.9 Million. NSE company disclosed in latest annual report that its indirect stake in Central Depository & Settlement Corporation (CDSC), a firm which provides automated clearing, delivery and settlement of shares, has risen from 22.5% held in the previous year.

Source: *Business Daily*

Market

Shilling dips, NSE sheds KES 110 Billion after economy reopening

The shilling dipped against the dollar while the Nairobi Securities Exchange lost KES 110 Billion in the week Kenya announced a phased reopening of the country from Covid-19 lockdown to stimulate the economy. The value of all the stocks on the Nairobi bourse hit a three-month low of KES 2.02 Trillion on Friday compared to KES 2.13 Trillion on July 3 – ahead of the market factoring in news on the easing of the restrictions.

Source: *Business Daily*

Treasury eyes cheaper money on T-bill rates dip

The Treasury is eyeing cheaper money from the domestic market after interest rate on short-term securities dipped to a seven-year low following increased liquidity in the money market. Central Bank of Kenya (CBK) data shows rates for 90, 182 and 364-day Treasury bills fell to 6.2% , 6.76% and 7.7% respectively in last week's auction.

Source: *Business Daily*

PART II: TREASURY UPDATE

13th July 2020

LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Monday to close at 107.00/107.50. The NSE 20 share index edged lower by 0.47 points to close at 1,900.81 while in the secondary market bonds worth KES 1.1 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar lost ground against some major currencies on Monday ahead of an announcement of key economic data during the week. The data released will offer insight on whether the guarded optimism on the economic outlook was justified. The Euro gained 0.42 percent to 1.134 against the Dollar as investors await data on German investor sentiment to help gauge the pace of Europe's recovery from the health crisis. Investor are also watching on whether there will be an agreement on the proposed 750 billion-euro recovery fund for the bloc. The Sterling Pound was boosted by increased risk appetite after the announcement of the fiscal stimulus last week by the Finance Minister Rishi Sunak. Brexit uncertainties however still hovered over the currency. The Pound last traded at 1.2616 against the Dollar.

In the US stock market; the Dow Jones Industrial average edged higher by 10.50 points to close at 26,085.80; the S&P 500 dropped 29.82 points to close at 3,155.22 while the Nasdaq Composite edged lower by 226.60 points to close at 10,390.84.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.274	8.500	2.688	6.453
182 Day T-Bill	6.759	10.100	3.275	6.900
364 Day T-Bill	7.700	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		106.00	107.70
GBP		133.00	135.40
EUR		120.00	122.45
CHF		113.40	115.00
JPY		0.9840	1.0100
ZAR		5.70	6.80
INR		-	1.4390
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	1,690.00
Murban Crude Oil	USD/barrel	43.28
Coffee	US Cents/lb.	98.65
Wheat	US Cents/Bushel	527.00
Corn	US Cents/Bushel	327.50

PART III: EQUITIES AND BOND TRADING

13th July 2020

MARKET COMMENTARY

The NSE All share and the NSE25 share indices were up, adding 0.19% and 0.34% to close the first weekday of trading at 132.63 and 3,102.50 points respectively. The NSE20 share index however turned lower, shedding 0.47 points or 0.02% to close at 1,900.81 points. Turnover on the exchange was 37% lower, closing the first weekday of trading at KES 458.8 Million against the KES 731.4 Million recorded on Friday. Monday's top traders were Equity Group, Safaricom, KCB Group. The counters' turnover stood at KES 173.8 Million, KES 131.91 Million and KES 107.51 Million respectively. Foreign investors were net-sellers accounting for 88.26% of the day's sales and 37.41% of the day's purchases. In terms of company specific, foreign activity was higher on Equity Bank & Safaricom Plc. The Secondary bond market recorded a decline in turnover with bonds worth KES 1.17 Billion transacted against the KES 1.26 Billion worth of bonds traded on Friday. The number of deals declined to 44. The Derivatives Market had 1 contract valued at KES 27,000 transacted on Monday's trading session. One Safaricom contract worth expiring in 17th Sep 2020 was concluded at a price of KES 27.50. This is against an end of day price of KES 27.50 posted in the spot market.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	132.63	0.19	-25.06
NSE20	1,900.81	-0.02	-28.39
NSE25	3,102.50	0.34	-24.34
FTSE NSE25	175.47	-0.06	-23.54

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,026.90	2,023.12
Turnover (KES, millions)	458.82	731.38
Volume (millions)	17.93	39.55
Foreign Buys (%)	37.41	40.66
Foreign Sales (%)	88.26	83.41

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD4/2019/10	12.2800	11.7500	200.00
FXD1/2018/15	12.5000	9.7500	200.00
IFB1/2018/15	12.5000	10.8000	300.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Equity Group Holdings Plc	5.26	173.80	27.50
Safaricom Plc	4.80	131.91	158.00
KCB Group Plc	3.16	107.51	31.85



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