



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

15th 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 price of doing the same old thing is far higher than the price of change."
- Bill Clinton

PART I : DEALS & CORPORATE DEVELOPMENTS

15th July 2020

Kenya

Deals

Forestry company raises USD 28 Million in equity funding

Komaza, a tech-enabled, sustainable forestry company has secured a first close of USD 28 million of its planned USD 33 million series B equity financing. With continued investment and support from its series A lead Novastar Ventures, this financing round was co-led by Novastar LPs AXA Investment Managers (through the AXA Impact Fund: Climate & Biodiversity) and the Dutch development bank FMO, with further participation by Mirova's Land Degradation Neutrality Fund.

Source: Africa Private Equity News

Ndegwas get KES 2.4 Billion in ICEA insurance sale

ICEA Lion Insurance Holdings, which is controlled by the family of the former Central Bank of Kenya governor Philip Ndegwa, is set to raise KES 2.4 billion from the sale of a 24.1% to private equity firm Leapfrog Investments. Leapfrog is using its investment vehicle Eastern Africa Holdings Limited for the buyout that valued the ICEA Lion Insurance Holdings at KES10 Billion.

Source: Business Daily

Market

Shilling weakens to three-month low as traders seek dollars

The shilling Tuesday weakened to a three-month low against the US dollar, mainly on increased demand of the foreign currency by importers in the second week of government relaxing measures taken to contain the spread of Covid-19. The Kenyan currency closed the day averaging 107.25 units against the dollar compared with 107.15 units at the close of trading Monday.

Source: Business Daily

Bonds turnover down as investors go for safe assets

Bonds turnover at the Nairobi Securities Exchange (NSE) fell by 21.8% in the first half of 2020 compared to a similar period last year as investors held on to the low risk government securities as a buffer against low returns elsewhere in a Covid-19 affected economy.

Source: Business Daily

PART II: TREASURY UPDATE

14th July 2020

LOCAL MARKET

The Kenyan Shilling traded lower against the Dollar on Tuesday to close at 107.20/107.70. The NSE 20 share index edged lower by 7.16 points to close at 1,893.65 while in the secondary market bonds worth KES 2.1 Billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The U.S dollar lost ground against some of its peers on Tuesday, being weighed down by a rise in inflation following a release of economic data that showed U.S consumer prices rose after a 12.3 percent jump in gasoline prices. The weaker Dollar was also partly attributed by a stronger Euro which gained on the back of the possibility that the European Union will approve the financing package at the conclusion of the European Summit later this week. The fiscal stimulus is expected to reduce the coronavirus pandemic effects to the bloc. Markets also await the European central Bank's meeting with no policy changes expected. The Euro was up 0.47 percent at 1.1390. The sterling pound however underperformed after data showed that Britain's economy was recovering slower than expected. The U.K Gross Domestic product rose by 1.8 percent well below forecasts. The Pound last traded at 1.2571 against the Dollar.

In the US stock market; the Dow Jones Industrial average edged higher by 556.79 points to close at 26,642.59; the S&P 500 gained 42.30 points to close at 3,197.52 while the Nasdaq Composite edged higher by 97.73 points to close at 10,488.58.

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		106.20	107.80
GBP		133.80	136.00
EUR		121.30	123.30
CHF		113.40	115.00
JPY		0.9840	1.0100
ZAR		5.70	6.80
INR		-	1.4400
CNH		-	16.70
RWF		5.00	12.00

INDICATIVE DEPOSIT RATES

Fixed period	1M	3M	6M	1Yr
KES (50,000< 5 Million)	3.75	4.25	5.50	6.50
KES (Above 100 Million)	4.75	5.75	6.50	7.50
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	1,688.50
Murban Crude Oil	USD/barrel	43.56
Coffee	US Cents/lb.	97.95
Wheat	US Cents/Bushel	529.00
Corn	US Cents/Bushel	326.50

PART III: EQUITIES AND BOND TRADING

14th July 2020

MARKET COMMENTARY

The Benchmark NSE All share Index declined 0.82% to close the day at 131.54 points. The NSE20 and the NSE25 share indices were similarly lower, shedding 0.38% and 0.17% to close at 1,893.65 and 3,097.15 points respectively. Turnover on the exchange was higher, closing at KES 620.2 Million against the KES 458.8 Million recorded on Tuesday. The day's top traders were Safaricom, East African Breweries and Equity Group. The counters' turnover stood at KES 518.3 Million, KES 26.73 Million and KES 22.53 Million respectively. Foreign investors were net-sellers accounting for 81.67% of the day's sales and 26.63% of the day's purchases. In terms of company specific, foreign investors dominated Safaricom Plc. The Secondary bond market recorded a rise in turnover with bonds worth KES 2.17 Billion transacted against the KES 1.17 billion worth of bonds traded in the previous trading session. The number of deals stood at to 59. The Derivatives Market had 1 contract valued at KES 27,000 transacted in Wednesday'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	131.54	-0.82	-20.95
NSE20	1,893.65	-0.38	-28.66
NSE25	3,097.15	-0.17	-24.47
FTSE NSE25	174.78	-0.39	-23.84

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,010.12	2,026.90
Turnover (KES, millions)	620.18	458.82
Volume (millions)	27.05	17.93
Foreign Buys (%)	26.63	37.41
Foreign Sales (%)	81.67	88.26

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD4/2019/10	12.2800	11.9250	200.00
FXD1/2018/25	13.4000	12.9500	269.25
IFB1/2018/15	12.5000	10.8000	300.00

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	19.23	518.62	26.95
East African Breweries Plc	0.17	26.73	156.50
Equity Group Holdings Plc	0.66	22.53	34.00



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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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