



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

covering **20th July 2020** and the week ending **17th July 2020**

Foreword & Commentary

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

"Success is not final, failure is not fatal: it is the courage to continue that counts."

- Winston Churchill

PART I : DEALS & CORPORATE DEVELOPMENTS

20th July 2020

Kenya

Market

State borrows KES 45 Billion as T-bill rates fall for seventh straight week

The high demand for short-term government securities continued last week amid high liquidity, pushing interest rates lower for the seventh straight week. Central Bank of Kenya (CBK) said investors bid a total KES 65.17 Billion in last week's auction for 91,182 and 364-day Treasury bills against the advertised KES 24 Billion, an equivalent of 271.54% subscription rate.

Source: *Business Daily*

Economy

Africa faces a GDP loss of USD 145 Billion as tourism hit hardest by pandemic

At mid-year, African economies, already battered by the Covid-19 pandemic are now facing a total GDP loss of at least USD 145.5 Billion. With many countries recording an unprecedented surge in the number of infections, and the continent's total cases surpassing the half million mark as per World Health Organisation data, Africa is forecast to suffer GDP losses of between USD 145.5 Billion and USD 189.7 Billion from the pre-Covid-19 estimated GDP of USD 2.59 Trillion.

Source: *The East African*

Corporate

EU targets youth, women with KES 5 Billion agribusiness project

Equity Group is eyeing up to Sh50 billion from international financiers in the next three years as it seeks to boost its liquidity and capital positions. Group CEO James Mwangi told investors in a recent virtual annual general meeting that the board wants to reinforce the lender's liquidity and capital positions through a mix of medium-term and long-term debts.

Source: *Business Daily*

PART II: TREASURY UPDATE

For the week ending 17th July 2020

LOCAL MARKET

The Kenya Shilling lost ground against the U.S Dollar during the week ending 17th July 2020. The local unit closed at 107.30/107.80. In the local equities market, the main NSE 20 share closed the week at 1,909.36, 8.08 points lower while in the secondary market bonds worth KES 11.5 Billion were transacted, lower than KES 14 Billion traded the previous week.

CENTRAL BANK UPDATE

For the week ending 17th July 2020, the interbank money market was liquid. The average volumes traded were KES 9.754 Billion. Central bank of Kenya withdrew KES103.70 Billion via the 7 Term Auction Deposits.

The Treasury bills auctions of July 16th received bids totalling KES 65.169 Billion against an advertised amount of KES 24.0 Billion representing a performance of 271.54%. The auction saw the 91,182 and 364 rates fall to 6.011%, 6.524% and 7.464 % respectively. The total amount raised was KES 45.515 Billion.

INTERNATIONAL MARKET OVERVIEW

The U.S Dollar started the week low as markets awaited the announcement of key economic data that were expected to offer insight on whether the guarded optimism on the economic outlook was justified. U.S consumer prices rebounded resulting to a rise in inflation. Investors still remained cautious with the worsening U.S-China tensions and fears about the economic impact of a second wave of Coronavirus in the United States. The U.S dollar however gained at the end of the week despite increased worries about the rising number of coronavirus infections, raising fears that the U.S economy and the labour market will continue to be affected negatively. The Dollar was also supported by better than expected economic data that showed that U.S retail sales increased in June.

The Euro gained against the Dollar as markets awaited on German investor sentiment to help gauge the pace of Europe's recovery from the health crisis. Investors were also watching on whether there will be an agreement on the proposed 750 billion-euro recovery fund for the bloc. The fiscal stimulus was expected to reduce the coronavirus pandemic effects to the bloc. The Euro however dropped at the end of the week after the European Central Bank left its emergency monetary stimulus unchanged at 1.35 trillion euros and the interest rates at -0.5 percent. The European countries are yet to decide on a 750 billion euro recovery fund to revive growth in the bloc.

The Sterling Pound was boosted by increased risk appetite after the announcement of the fiscal stimulus by the Finance Minister Rishi Sunak. Brexit uncertainties however still hovered over the currency. The sterling pound however underperformed after data showed that Britain's economy was recovering slower than expected.

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.011	8.966	2.600	6.453
182 Day T-Bill	6.524	10.250	3.070	6.900
364 Day T-Bill	7.464	12.002	4.210	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	108.00
GBP		133.30	135.80
EUR		121.50	124.00
CHF		113.20	115.20
JPY		0.9900	1.0110
ZAR		5.80	6.80
INR		-	1.4490
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	1,663.75
Murban Crude Oil	USD/barrel	42.68
Coffee	US Cents/lb.	101.50
Wheat	US Cents/Bushel	534.12
Corn	US Cents/Bushel	332.38

PART III: EQUITIES AND BOND TRADING – NSE

For the week ending 17th July 2020

WEEKLY MARKET COMMENTARY

The NSE All share index was up 0.20% from previous close Friday at 132.25 points. The NSE20 share index was 0.15% higher, closing at 1,909.36 points. Week on week, the All share index was shed 0.13 points while the NSE20 and the NSE25 share indices posted gains of 8.08 points and 15.30 points respectively. Turnover on the exchange for Friday was lower, closing at KES 543.5 Million against the KES 923.96 Million recorded in the previous trading session. The day's top traders were Safaricom, KCB Group and Equity Group Holdings Plc. The counters' turnover stood at KES 290.3 Million, KES 120.7 Million and KES 68.8 Million respectively. Week on week, the market closed the week with 138 Million shares valued at KES 3.4 Billion transacted against 170 Million shares valued at KES 4.2 Billion transacted the previous week. Foreign investors were net-sellers during Friday's trading session, accounting for 63.36% of the day's sales and 22.49% of the day's purchases. In terms of company specific, foreign investors dominated trades on Safaricom Plc and KCB Group. The Secondary bond market recorded a decline in turnover with bonds worth KES 2.24 Billion transacted against the KES 3.99 Billion worth of bonds traded in the previous trading session. The number of deals declined to 63. The Derivatives Market closed the week with a total of 19 contracts valued at Kes.537,000.

INDEX MOVEMENTS

Index	Closing	% Change Daily	%Change Weekly	% YTD
NASI	132.25	0.20	-0.10	-20.53
NSE20	1,909.36	0.15	0.42	-28.07
NSE25	3,107.31	-	0.49	-24.22
FTSE NSE25	175.72	-0.62	0.52	-23.43

MARKET DATA

Market Data	Friday	Previous
Market Cap (KES, billions)	2,021.08	2,016.87
Turnover (KES, millions)	543.54	923.96
Volume (millions)	23.20	35.77
Foreign Buys (%)	22.49	40.30
Foreign Sales (%)	63.36	86.30

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (million)
FXD1/2019/10	12.4380	11.7000	1,000.00
IFB1/2016/15	12.0000	10.5500	200.00
IFB1/2020/9	10.8500	10.3500	200.00

MOVERS

Movers	Volume (million)	Turnover (million)	VWAP
Safaricom Plc	10.76	290.33	27.00
KCB Group Plc	3.43	120.72	35.25
Equity Group Holdings Plc	2.02	68.83	34.00

Source: Faida Investment Bank



PART IV: WEEKLY SUMMARY OF DEALS

For the week ending 17th July 2020

EAST AFRICA DEALS OF THE WEEK & FUNDRAISING ANNOUNCEMENTS

Target Company / Fund	Acquirer Company/Investor	Deal Type	Synopsis	Deal Value (USD Million)	Sector	Country/Region
CIC Insurance	Co-Op Bank	Exit	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 had a 74.3% stake in the insurer.	1.06	Financial Services	Kenya
Central Depository & Settlement Corporation Limited	NSE	M&A	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 disclosed in its 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.	1.1	Financial Services	Kenya
Komaza	Novastar Ventures	VC	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.	28	Technology	Kenya
Nabo Capital	Kuramo	Follow On	New York-headquartered, Kuramo Capital has inked a deal with Centum-owned Nabo Capital committing to invest a further KES 535 Million (USD 5 Million) in the third-party fund manager. The follow-on commitment agreement brings Kuramo's commitment in Nabo to KES 1.07 Billion, according to the statement released by the two firms.	5	Financial Services	Kenya
Mums Village	Baby Bliss	M&A	A Kenyan online shop for baby products has merged with its Nigerian counterpart as they seek a piece of East and West African market. Mums Village and Nigeria's Baby Bliss, both specializing in mother and child care products, have merged into a new entity dubbed Bliss. The firms will ride on increased growth of e-commerce in both markets as women increasingly turn to buying products online.	Undisclosed	Technology/ FMCG	Kenya



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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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