



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

21<sup>st</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

*"There's no shortage of innovation, there's just a shortage of useful innovation that meets need"*

- Bob Collymore

## PART I : DEALS & CORPORATE DEVELOPMENTS

21<sup>st</sup> July 2020

Kenya

### Deals

#### **I&M to buy 90% stake in Uganda's Orient**

I&M Holdings plans to acquire a 90% stake in Uganda's Orient Bank Limited in a transaction in which it will spend more than KES 2 billion. The deal will add to its regional banking operations comprising Kenya, Rwanda, Tanzania and Mauritius.

Source: *Business Daily*

#### **Tuskys to sell majority stake in rescue efforts**

Supermarket chain Tuskys is seeking to sell a majority stake to a consortium made up of a private equity firm and an undisclosed foreign retailer as part of efforts to raise cash to pay suppliers and win back their confidence.

Source: *Business Daily*

### Market

#### **Cash from Kenyans in America hits historic high**

Cash sent home by Kenyans living in North America hit a historic high of KES 15.7 billion (USD 145.95 million) in May, defying the tough economic situation facing workers in the region since the Covid-19 pandemic struck. Data from the Central Bank of Kenya (CBK) shows the remittances from the region, which includes Canada, the United States and Mexico, rose by KES 2.5 billion or 19.6% from KES 12.76 billion (USD 118.71 million) in April.

Source: *Business Daily*

#### **Public debt up to KES 6.6 Trillion in May on Covid-19 loans**

Kenya's public debt increased by KES 212.82 billion in May from the previous month, owing to the loans extended to the government by multilateral lenders to cushion the country against shocks from the global Coronavirus pandemic. Central Bank of Kenya data show total government debt stood at KES 6.649 trillion as at the end of May, composed of KES 3.496 trillion external debt and KES 3.153 trillion in domestic debt.

Source: *Business Daily*

# PART II: TREASURY UPDATE

## 20<sup>th</sup> July 2020

### LOCAL MARKET

The Kenyan Shilling receded marginally against the Dollar on Monday to close at 107.60/108.10. The NSE 20 share index edged lower by 0.27 points to close at 1,909.63 while in the secondary market bonds worth KES 0.89 billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Monday despite hopes of a vaccine eased pressure on the currency. Oxford University reported three positive trials of the Covid-19 vaccine tests as it expects to roll out the trials further. EUR was higher by 0.12% to close at 1.14675 on news that the Corona-bond had the backing of all EU members and on positive economic news. The €750 billion bond has been split into €390 billion which will be grants and loans worth € 360 billion. The currency also benefited from positive economic data that showed the year-on-year and month-on-month German PPI all gained to -1.8% from -2.2% and 0.0% from -0.4% respectively. GBP edged higher by 0.6% to close at 1.2637 on the back of a weakening dollar. Market will, however, keep a keen eye on the Brexit negotiations that will continue today. It's expected that the UK should secure a deal before year-end or leave the bloc without a deal and thus face migration and trade challenges.

In the US stock market; the Dow Jones Industrial average edged higher by 0.09 points to close at 26,680.87; the S&P 500 gained 0.27 points to close at 3,251.84 while the Nasdaq Composite edged higher by 2.64 points to close at 10,767.09.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.011	8.800	3.044	6.440
182 Day T-Bill	6.524	10.450	3.627	7.033
364 Day T-Bill	7.464	11.200	4.458	8.350
Inflation Data	4.59	4.10	3.20	9.20

### KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		106.80	108.20
GBP		134.00	138.00
EUR		120.80	124.80
CHF		113.10	116.20
JPY		0.9850	1.0200
ZAR		6.10	7.00
INR		-	1.4640
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	1,664.50
Murban Crude Oil	USD/barrel	43.22
Coffee	US Cents/lb.	99.75
Wheat	US Cents/Bushel	520.00
Corn	US Cents/Bushel	333.50



# PART III: EQUITIES AND BOND TRADING

20<sup>th</sup> July 2020

## MARKET COMMENTARY

The NSE All Share Index and the NSE 25 share indices kicked off the week with marginal declines, shedding 0.05% and 0.01% points to close at 132.22 and 3,105.80 points, respectively. The NSE 20 share index was up marginally by 0.01% points to close at 1,909.63 points. Turnover was slightly higher, closing at KES 548.04 million against the KES 543.5 million posted during Friday's trading session. The day's top counters were BAT, Safaricom and Equity Group Holdings Plc. The counters' turnover stood at KES 310.1 million, KES 184.7 million and KES 15.5 million respectively. Foreign investors assumed thin net-selling positions during Monday's trading session, accounting for 93.93% of the day's sales and 83.65% of the day's purchases. Foreign investor activity was heavily on BAT Kenya Plc. The Secondary bond market recorded a slump in activity with bonds worth KES 895.1 million having been transacted against the KES 2.24 billion worth of bonds traded in the previous session. The number of deals rose marginally to 84.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	132.22	-0.02	-20.55
NSE20	1,909.63	0.01	-28.06
NSE25	3,105.80	-0.05	-24.26
FTSE NSE25	175.56	-0.09	-23.50

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,020.54	2,021.08
Turnover (KES, millions)	548.04	543.54
Volume (millions)	11.31	23.20
Foreign Buys (%)	83.65	22.49
Foreign Sales (%)	93.93	63.36

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2012/15	11.0000	11.1000	200.00
IFB1/2016/15	12.0000	10.4000	200.00
IFB1/2018/15	12.5000	10.7500	125.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
BAT Kenya Plc	1.00	310.12	310.00
Safaricom Plc	6.84	184.72	27.00
Equity Group Holdings Plc	0.46	15.48	33.85





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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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