



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

22<sup>nd</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

*"If you're the smartest person in the room, you're in the wrong room."*  
- Marissa Mayer

## PART I : DEALS & CORPORATE DEVELOPMENTS

22<sup>nd</sup> July 2020

Kenya

### Deals

#### **PE fund to invest KES 535 Million in Kenya agribusiness SMEs**

Cyprus-based private equity firm Vital Capital will invest up to KES 535 million in small and medium agribusiness enterprises in Kenya in partnership with the US government's Kenya Investment Mechanism (KIM) that was set up to help firms affected by the Covid-19 pandemic.

Source: *Business Daily*

### Market

#### **NSE slides below KES 2 Trillion as shilling extends its decline**

Combined investors wealth at the Nairobi Securities Exchange (NSE) has dipped below KES 2 trillion for the first time since March while the shilling has extended record low run to the dollar ahead of planned review of Covid-19 control measures. NSE market capitalization yesterday dropped to KES 1.998 trillion meaning that investors have suffered KES 134.6 billion loss since President Uhuru Kenyatta relaxed Covid-19 containment measures on July 6.

Source: *Business Daily*

### Economy

#### **Fresh produce exports fall as demand in Europe slows**

Diminishing demand for fresh produce in the European market has seen freighters cut down on their weekly flight frequencies to the continent. High seasons in the European market are always between September and May after which the demand for fresh produce goes down as summer kicks in.

Source: *Business Daily*

# PART II: TREASURY UPDATE

## 21<sup>st</sup> July 2020

### LOCAL MARKET

The Kenyan Shilling marginally weakened against the Dollar on Tuesday to close at 107.70/108.20. The NSE 20 share index edged lower by 3.38 points to close at 1,906.25 while in the secondary market bonds worth KES 5.5 billion were transacted.

### INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Tuesday as risk appetite for other major currencies increased and on hopes of a potential Covid-19 vaccine being found. The news comes after the US recorded the highest number of Covid-19 cases to stand at 4,028,569. EUR rose by 0.69% to close at 1.15275 on the back of an agreement reached by the European Union countries on the €750 billion stimulus plan to revive their economies that have been hit by the coronavirus pandemic. Under the accord, EU nations will jointly issue debt that could offer an alternative to U.S. Treasuries thus making the currency more attractive to investors. GBP edged higher by 0.6% to close at 1.2753 as Dollar weakness and the agreement of the EU stimulus plan outweighed concerns about the UK economy, however, the currency did gain as BoE's chief economist, Andy Haldane, reported that the economy had recovered. He noted that the recovery was half seen in March and April and had produced a "V-shaped bounceback".

In the US stock market; the Dow Jones Industrial Average edged higher by 159.53 points to close at 26,840.40; the S&P 500 gained 5.46 points to close at 3,257.30 while the Nasdaq Composite edged lower by 86.73 points to close at 10,680.36.

Source: I&M Bank Limited

### PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.011	8.800	3.045	6.440
182 Day T-Bill	6.524	10.450	3.628	7.033
364 Day T-Bill	7.464	11.200	4.459	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		107.00	108.30
GBP		134.50	138.50
EUR		121.80	125.70
CHF		114.00	117.10
JPY		0.9940	1.0230
ZAR		6.10	7.00
INR		-	1.4650
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	1,696.50
Murban Crude Oil	USD/barrel	44.08
Coffee	US Cents/lb.	101.75
Wheat	US Cents/Bushel	529.00
Corn	US Cents/Bushel	332.75

# PART III: EQUITIES AND BOND TRADING

21<sup>st</sup> July 2020

## MARKET COMMENTARY

The benchmark NSE All Share Index shed 1.08% on Tuesday to close at 130.79 points. The NSE20 and the NSE25 share index also closed lower, with a decline of 0.18% and 0.94% to close at 1,906.25 and 3,076.64 points, respectively. Turnover was up 85% on Tuesday, closing at KES 1.01 billion. Safaricom was the day's largest mover, with KES 846.8 million worth of shares transacted, followed by BAT Kenya and KCB Group Plc, with KES 47.99 million and KES 41.65 million in turnover respectively. Foreign investors were net-sellers in Tuesday's trading session, accounting for 96.99% of the day's sales and 42.67% of the day's purchases. Foreigner sales driven pressure mounted on Safaricom, pushing the stock 1.1% lower to close at KES 26.70. Foreign investors also assumed sale positions on BAT Kenya Plc, with 99% of trades on the counter attributed to foreign holdings. The secondary bond market recorded a marked rise in activity with bonds worth KES 5.51 billion transacted against the KES 895.1 million worth of bonds traded on Monday. The number of deals however declined to 76. The derivatives market had 27 contracts valued at KES 673,100 concluded during Tuesday's trading session.

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	130.79	-1.08	-21.40
NSE20	1,906.25	-0.18	-28.19
NSE25	3,076.64	-0.94	-24.97
FTSE NSE25	172.84	-1.55	-24.69

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	1,998.69	2,020.54
Turnover (KES, millions)	1,013.37	548.04
Volume (millions)	39.17	11.31
Foreign Buys (%)	42.67	83.65
Foreign Sales (%)	96.99	93.93

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/10	12.4380	11.6000	950.00
FXD4/2019/10	12.2800	11.6500	1,385.00
IFB1/2020/9	10.8500	10.1000	1,400.00

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	31.73	846.78	26.70
BAT Kenya Plc	0.15	47.99	310.00
KCB Group Plc	1.20	41.65	33.00





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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.

#### 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



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