



**i&M** Burbidge Capital



**MARKET  
UPDATE BULLETIN**

2<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

*"Make every detail perfect and limit the number of details to perfect."*

- Jack Dorsey

## PART I : DEALS & CORPORATE DEVELOPMENTS

2<sup>nd</sup> July 2020

Kenya

### Deals

#### **State mortgage financier admits IFC, Shelter Afrique**

State-backed home loans financier Kenya Mortgage Refinance Company (KMRC) has admitted International Finance Corporation and Shelter Afrique as shareholders. KMRC has so far raised KES 2 billion as capital from shareholders among them National Treasury, 20 primary mortgage lenders, eight banks, one micro-finance bank and 11 savings and credit co-operatives.

Source: *Business Daily*

### Market

#### **Foreign investors turn sellers at the Nairobi exchange**

Foreign investors turned to profit-taking on key counters at the Nairobi Securities Exchange (NSE) last week, pushing the market to reverse the gains made in the previous week. Market data shows the non-locals made net sales of KES 1.3 billion last week, compared to net buys of KES 501 million the previous week, largely due to those cashing in on the Safaricom stock, which had risen above KES 30 two weeks ago before dropping back to KES 28.50 last Friday.

Source: *Business Daily*

# PART II: TREASURY UPDATE

1<sup>st</sup> July 2020

## LOCAL MARKET

The Kenyan Shilling was steady against the Dollar on Wednesday to close at 106.40/107.00. The NSE 20 share index edged lower by 5.52 points to close at 1,947.64 while in the secondary market bonds worth KES 2.3 Billion were transacted.

## INTERNATIONAL MARKET OVERVIEW

The U.S Dollar traded mixed yesterday on the back of reduced demand for the currency and positive economic data. The Manufacturing PMI and month-on-month Manufacturing ISM edged higher to 49.8 from 39.8 and 52.6 from 43.1 respectively. On the employment front, the ADP National Employment Report showed private payrolls in June increased by 2.369 million jobs as the May figure was revised upward to show payrolls surging 3.065 million against a lower forecast of 2.76 million. EUR rose by 0.2% to close at 1.1248 as positive economic data propped the currency. The Euro-Zone PMI Manufacturing and German Manufacturing PMI all edged higher to 47.4 from 39.4 and 45.2 from 36.6 respectively. The Markit Manufacturing PMI and the month-on-month German Unemployment Rate all improved to 52.3 from 40.6 and 6.4% from 6.3% respectively. GBP edged higher on the back of positive economic data. The U.K Manufacturing PMI moved higher to 50.7 from 40.1. The move above the 50 line signifies growth for the first time since February as a reading above 50 indicates expansion in the sector and below 50 indicates contraction.

In the US stock market; the Dow Jones Industrial Average edged lower by 77.91 points to close at 25,734.97; the S&P 500 gained by 15.57 points to close at 3,115.86 while the Nasdaq Composite edged higher by 95.86 points to close at 10,154.63.

Source: I&M Bank Limited

## PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	6.700	8.500	2.686	6.404
182 Day T-Bill	7.395	10.100	3.275	6.967
364 Day T-Bill	8.194	11.100	4.181	8.196
Inflation Data	4.59	4.10	3.20	9.20

## KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.70	107.00
GBP		129.00	134.60
EUR		117.00	121.50
CHF		110.80	114.00
JPY		0.9750	1.0020
ZAR		5.70	6.70
INR		-	1.4320
CNH		-	16.50
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	1,621.00
Murban Crude Oil	USD/barrel	43.00
Coffee	US Cents/lb.	104.00
Wheat	US Cents/Bushel	497.50
Corn	US Cents/Bushel	350.00



# PART III: EQUITIES AND BOND TRADING

1<sup>st</sup> July 2020

## MARKET COMMENTARY

The benchmark indices of the NSE recorded gains on the first day of the month, with NASI and NSE20 adding 0.04% and 0.28% to close at 137.73 and 1,947.64 points, respectively, backed by moderate price dips on the large cap counters. The NSE 25 share index however lost ground, shedding 0.04% close at 3,215.67 points. Equity turnover rose 34% to KES 480.5 million. Volumes on the market stood at 19.5 million, 27% higher from Tuesday's 15.5 million shares. Safaricom dominated market activity in Wednesday's session, accounting for 69.12% of the total activity. Foreign investors maintained a net-selling position accounting for 61.5% of the day's sales and 35.96% of the day's purchases. The foreigners maintained keen interest on the Safaricom counter. The Secondary bond market turnover recorded a marginal decline, with bonds worth KES 2.35 billion having been transacted against the KES 2.43 billion worth of bonds traded in the previous trading session. The number of deals rose to stand at 119. The Derivatives Market had 4 contracts valued at KES 112,000 transacted in Wednesday's trading session. Four Safaricom contracts worth KES 112,000 expiring in 17th Sep 2020 were concluded at a price of KES 28.15. This is against an end of day price of KES.28.70 recorded in the spot market,

## INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	137.73	0.04	-17.23
NSE20	1,947.64	0.28	-26.63
NSE25	3,215.67	-0.04	-21.58
FTSE NSE25	182.25	-0.22	-20.58

## MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,105.0	2,104.3
Turnover (KES, millions)	480.46	359.05
Volume (millions)	19.57	15.53
Foreign Buys (%)	35.96	31.74
Foreign Sales (%)	61.45	84.41

## GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.3040	10.4000	240.00
FXD1/2019/15	12.8570	12.8250	300.00
IFB1/2015/12	11.0000	10.4814	219.45

Source: Faida Investment Bank

## MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	11.60	332.75	28.70
Equity Group Holdings Plc	2.27	77.88	34.55
Co-operative Bank of Kenya	1.48	17.94	12.15





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