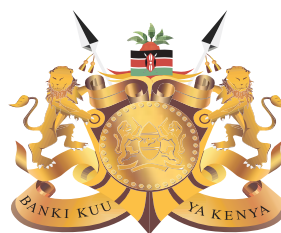


April 13, 2012



## THE CBK WEEKLY BULLETIN

### Highlights for the Week

The money market improved during the week ending April 11, 2012. The Central Bank, therefore, sterilized excess liquidity in the market, mopping Ksh 18.9 billion through the repo market in the week

The average interbank rate declined to 11.27 percent during the week ending April 11, 2012 from 19.89 percent in the previous week reflecting a liquid money market.

The Kenya Shilling depicted mixed performance against major international currencies in the week ending April 12, 2012. Against the US dollar the Kenya Shilling weakened to exchange at an average of Ksh 83.18 per US dollar compared with Ksh 83.09 per US dollar in the week ending April 5, 2012.

The usable official foreign exchange reserves held by the Central Bank stabilised at US dollar 4.4 billion (equivalent to 3.86 months of imports) by April 12, 2012 as in the previous week ending April 5, 2012.

During the week ending April 13, 2012 the Government offered for sale Treasury bills worth Ksh7.0 billion. A total of Ksh7.2 billion was accepted out of the Ksh 8.7 billion bids received.

Stock market performance improved in the week of April 12th 2012 as shown by most market indicators. The NSE 20 Share Index gained 45.64 points and the Nairobi All Share Index (NASI) that measures all listed companies gained 0.45 points. FTSE NSE 15 Index and FTSE NSE 25 Index both gained by 0.54 points and 0.49 points, respectively as Market Capitalization gained 0.6 percent. The bonds segment of the market was up 63.9 percent. However equity turnover and number of shares traded declined by 12.3 percent and 3.7 percent, respectively.

**Monetary  
Policy  
Operations**

The money market was liquid during the week ending April 11, 2012. The Central Bank, therefore, sterilized excess liquidity in the market, mopping Ksh 18.9 billion through the repo market in the week. Reserve money averaged Ksh 248.9 billion during the week, and was above the target by Ksh 4.9 billion. The excess reserve money comprised bank reserves of Ksh 1.4 billion and Ksh 3.5 billion in currency outside banks (Table 1).

**Table 1: Open Market Operations Ksh Billion**

Date	Reserve Money* (Projected)			OMO ( REPO)			Reserve money performance		Bank Reserves	Currency Outside Banks
	Forecast	Target	Exc(+)/ Short(-)	Posted	Mop up	Exc(+)/ Short(-)	Actual	Exc(+)/ Short(-)	Exc(+)/ Short(-)	Exc(+)/ Short(-)
	(1)	(2)	3=(1-2)	(4)	(5)	6=(5-4)	(7)	8=(7-2)	(9)	(10)
4-Apr-12	264.8	243.7	21.1	0.0	0.0	0.0	262.5	18.8	16.6	2.2
5-Apr-12	261.8	243.7	18.1	10.0	9.6	-0.4	250.4	6.6	2.8	3.8
10-Apr-12	248.7	244.4	4.3	5.0	4.3	-0.7	245.3	0.9	-2.9	3.9
11-Apr-12	244.0	244.4	-0.3	5.0	5.0	0.0	237.6	-6.8	-10.8	4.0
<b>Average</b>	<b>254.8</b>	<b>244.1</b>	<b>10.8</b>	<b>5.0</b>	<b>4.7</b>	<b>-0.3</b>	<b>248.9</b>	<b>4.9</b>	<b>1.4</b>	<b>3.5</b>

\*Reserve money comprises bank reserves and currency outside banks

Source: Central Bank of Kenya

**Interbank  
and REPO  
Rates**

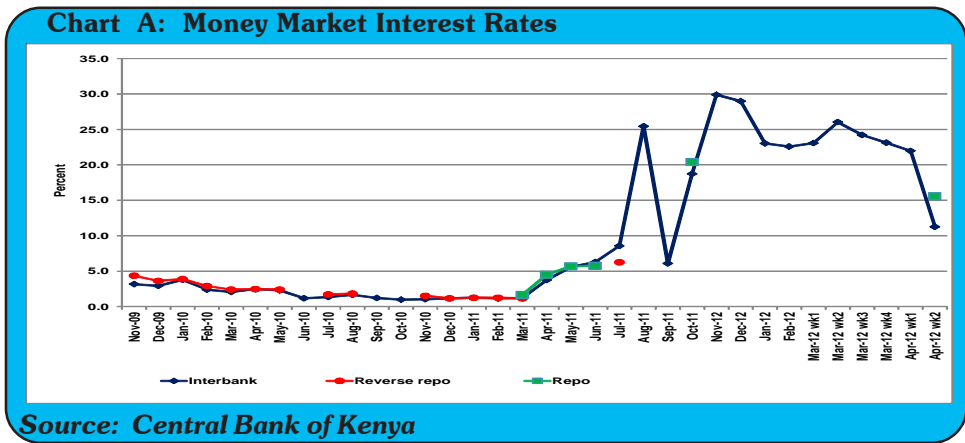
The average interbank rate declined to 11.27 percent during the week ending April 11, 2012 from 19.89 percent in the previous week reflecting a liquid money market. The average interbank volumes transacted increased to Ksh 12.20 in the week ending April 11, 2012 compared to Ksh 10.73 billion in the previous week. The average number of deals declined to 61 in the week ending April 11, 2012 from 71 deals in the previous week (Table 2 and Chart A).

**Table 2: Interbank Deals, Volumes and Interest Rates**

Date	Number of deals	Value (Ksh M)	Average Interest Rate (%)
29-Mar-12	77	12,214	23.21
30-Mar-12	79	12,541	22.95
2-Apr-12	67	9,646	21.82
3-Apr-12	69	9,909	18.78
4-Apr-12	61	9,337	12.71
<b>Mar 29- Apr 04 2012</b>	<b>71</b>	<b>10,729</b>	<b>19.89</b>
5-Apr-12	70	14,510	10.26
10-Apr-12	56	13,069	11.07
11-Apr-12	57	9,018	12.47
<b>April 05- April 11 2012</b>	<b>61</b>	<b>12,199</b>	<b>11.27</b>

Source: Central Bank of Kenya

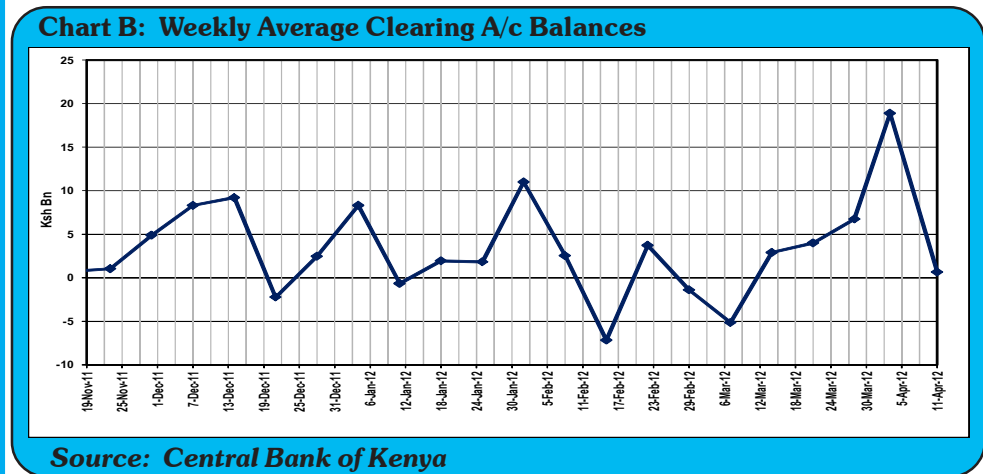
The average repo rate was 15.56 percent for the repo sale during the week ending April 11, 2012.



Source: Central Bank of Kenya

**Commercial Banks Clearing Accounts Balances**

Commercial banks maintained an average of Ksh 0.66 billion in their settlement accounts above the monthly average cash reserve requirements of 5.25 percent at the Central Bank in the week to April 11, 2012 compared with Ksh 18.90 billion in the previous week (Chart B).



Source: Central Bank of Kenya

**The Shilling Exchange Rate**

The Kenya Shilling depicted mixed performance against major international currencies in the week ending April 12, 2012. During the week, the Kenya shilling depreciated by 0.11 percent and 1.79 percent against the US dollar and the Japanese Yen respectively to exchange at an average of Ksh 83.18 per US dollar and Ksh 102.64 per 100 Japanese Yen, compared with an average of Ksh 83.09 per US dollar and Ksh 100.84 per 100 Japanese Yen, in the week ending April 5, 2012. During the same week, the shilling strengthened by 0.2 percent and 1.07 percent against the Sterling Pound and the Euro, respectively, to trade at an average of Ksh 132.36 per Sterling Pound and Ksh 109.13 per Euro compared with Ksh 132.62 per Sterling Pound and Ksh 110.31 per Euro in the week ending April 5, 2012.

In the EAC region, the Kenya Shilling weakened slightly against the Uganda Shilling, Tanzania Shilling and the Rwanda Franc and strengthened against the Burundi Franc. On average, the Kenya Shilling exchanged at Ushs 30.01, Tshs 19.07, RWF 7.24 and BIF 15.56 during the week, compared

with Ushs 30.15, Tshs 19.14, RWF 7.28 and BIF 15.54 during the week ending April, 2012 (Table 3).

**Table 3: Kenya Shilling Exchange Rates**

	US dollar	Sterling Pound	Euro	Japanese Yen	USHS	TSHS	RWF	BIF
30-Mar-12	83.06	132.75	110.86	101.34	30.28	19.14	7.27	15.45
2-Apr-12	83.10	132.86	110.87	100.03	30.32	19.17	7.27	15.37
3-Apr-12	83.07	133.19	110.80	101.24	30.22	19.15	7.25	15.71
4-Apr-12	83.18	132.20	109.76	100.64	30.00	19.15	7.30	15.61
5-Apr-12	83.07	132.11	109.26	100.96	29.92	19.11	7.30	15.55
<b>March 30- April 5, 2012</b>	<b>83.09</b>	<b>132.62</b>	<b>110.31</b>	<b>100.84</b>	<b>30.15</b>	<b>19.14</b>	<b>7.28</b>	<b>15.54</b>
10-Apr-12	83.10	132.29	109.02	102.09	29.90	19.10	7.25	15.56
11-Apr-12	83.20	132.17	108.99	102.95	29.93	19.08	7.24	15.55
12-Apr-12	83.25	132.61	109.38	102.89	30.18	19.04	7.24	15.55
<b>April 10- 12, 2012</b>	<b>83.18</b>	<b>132.36</b>	<b>109.13</b>	<b>102.64</b>	<b>30.01</b>	<b>19.07</b>	<b>7.24</b>	<b>15.56</b>

Source: Central Bank of Kenya

### Foreign Exchange Reserves

The usable official foreign exchange reserves held by the Central Bank increased from US dollar 4,416 million (equivalent to 3.86 months of imports) as at April 5, 2012 to US dollar 4,423 million (equivalent to 3.86 months of imports) in the week ending April 12, 2012 (Table 4).

**Table 4: Official Foreign Exchange Reserves (US\$ Million)**

	23-Feb-12	1-Mar-12	9-Mar-12	16-Mar-12	22-Mar-12	29-Mar-12	5-Apr-12	12-Apr-12
Usable Reserves*	4,074	4,140	4,195	4,260	4,311	4,365	4,416	4,423
Months of Imports Cover**	3.63	3.69	3.69	3.75	3.80	3.84	3.86	3.86

\*Excludes encumbered  
 \*\*Based on 36 month average of imports of goods and non-factor services

Source: Central Bank of Kenya

### Government Securities Auction

The Government offered for sale Ksh4.0 billion in 91-day Treasury bills and Ksh3.0 billion in 182-day Treasury bills during the week ending April 13, 2012. The 91-day paper underperformed at 40.0 percent, attracting bids worth Ksh1.6 billion. The 182-day paper recorded 235.1 percent performance rate, equivalent to Ksh7.1 billion worth of bids. Collectively, the government accepted Ksh7.2 billion worth of Treasury bills of which Ksh0.9 billion were in non competitive bids.

### Interest Rate on Treasury Bills

Weighted average interest rates on the 91-day and 182-day Treasury bills declined further during the week under review by 26.2 basis points and 22.3 basis points, respectively, to 16.078 percent and 16.737 percent.

**Table 5 : Interest Rates**

Auction date	2-Mar-12	9-Mar-12	16-Mar-12	23-Mar-12	30-Mar-12	5-Apr-12	13-Apr-12
91 day T. Bills*	18.745	17.983	17.461	17.006	16.728	16.340	16.078
182 day T. Bills*	18.757	18.377	18.112	17.726	17.660	16.960	16.737
364 day T. Bills*		17.035				16.915	
1 year FXD T. Bonds				16.432			
12-year Infrastructure Bond							
Month	Dec-11	Jan-12	Feb-12				
Average savings rate	1.59	1.62	1.69				
Average overdraft rate	20.20	20.38	20.53				

\*Weighted rates for accepted bids

**Source: Central Bank of Kenya**

## The Stock Market

The capital markets were bullish on all fronts in the week ending April 12, 2012. With exception of equity turnover and number of shares traded, all other market indicators for equities increased. Similarly, the fixed income segment recorded gains. All these indicate a market on a recovery path.

As indicated in Table 7, the NSE 20 Share Index rose to 3,454.34 points on April 12, 2012 from 3,408.70 points on April 4, 2012, while NASI was 74.37 points, up from 73.92 points. Market Capitalization, a measure of shareholders' wealth gained Ksh 5.82 billion to reach Ksh 952.42 billion. Equity turnover declined by Ksh 161.93 million to trade stocks worth Ksh 1,156.1 million from Ksh 1,318.0 million the previous week. The number of shares traded decreased to 118.08 million from 122.56 million, signaling constrained supply.

**Table 7: Key Weekly Market Statistics**

Week Ending	5-Jan-12	12-Jan-12	19-Jan-12	26-Jan-12	2-Feb-12	9-Feb-12	16-Feb-12	23-Feb-12
NASI 100= Jan 2008	68.31	68.84	68.76	67.97	69.05	68.96	69.94	70.19
NSE 20 Share Index 100=1966	3,220.74	3,196.86	3,204.76	3,188.23	3,215.70	3,156.87	3,154.46	3,208.63
Number of Deals	3,516	5,237	4,667	4,754	5,124	5,394	5,090	5,165
Total Shares Traded (millions)	37.98	55.26	58.47	131.34	87.34	126.31	99.15	57.6803
Equity Turnover (Ksh. millions)	430.05	614.11	495.57	1,228.83	1,089.93	810.03	960.77	738.6546
Market Capitalization (Ksh. Bn.)	871.68	878.60	877.60	867.44	881.19	880.09	892.589	895.816
Bonds Turnover (Ksh. millions)	6,442.95	9,150.70	4,034.50	3,106.90	2,673.60	4,707.50	6,196.55	6,366.6
FTSE NSE Kenya 15 Index	89.36	89.43	89.72	89.93	90.87	91.38	93.22	94.14
FTSE NSE Kenya 25 Index	91.78	91.83	91.99	91.17	92.89	93.39	94.96	95.98

\* The Nairobi All Share Index (NASI) effected on February 25, 2008 (January 1, 2008 = 100)

**Source: Nairobi Stock Exchange**

Telecommunications and Technology sector was the most active, transacting 66.24 million shares or 56.1 percent followed by Banking at 29.99 million shares or 25.4 percent and Commercial and Services sector with 9.18 million shares. Safaricom, Equity Bank and Housing Finance were the top three most active counters with 65.91 million, 16.78 million and 7.04 million shares traded, respectively. Automobile and Accessories sector was least active, trading 78,000 shares only in the week ending April 12, 2012.

The biggest closing and average price gains in the week ending April 12, 2012 was British American Tobacco Kenya Ltd. at Ksh 9 and Ksh 7.33, respectively. The biggest closing price and average price margin losses was Jubilee Holdings Ltd. at Ksh 4 and Ksh 2.5, respectively. Of the 54 listed companies, 15 posted average price declines in the week, a sign of confidence in the market.

**FTSE NSE  
Kenya Index  
Series**

The FTSE NSE Kenya 15 Index, which measures stocks performance of 15 largest companies by market capitalization, crossed the 100 points market to close at 100.19 points on April 12, 2012 from 99.65 points on April 4, 2012. Similarly, FTSE NSE Kenya 25 Index, a performance measure of 25 most liquid stocks at the Exchange rose to 101.84 points from 101.35 points in the same period.

**Bond Market**

Bonds trading at the Fixed Income Securities Segment increased to Ksh 6,986.8 million in the week ending April 12, 2012 from Ksh 4,262.4 million by close of April 4, 2012. Corresponding deals increased to 59 from 46, a sign of investor confidence in the bonds market as yields in primary market continue to decline and inflation pressures ease.