



APRIL 17, 2014

Highlights

The liquidity in the money market in the week ending April 16, 2014 stabilized at the previous week's level both in the average interbank rate and interbank volume traded.

The NSE recorded improved performance for the week ending April 16, 2014, with gains largely in all leading NSE indicators.

Monetary Policy Operations

The money market liquidity stabilized in the week ending April 16, 2014. This followed a net liquidity withdrawal of Ksh 5.7bn through liquidity management operations of the Central Bank. Reserve money averaged Ksh 305.1 billion during the week and was Ksh 15.8 billion below target (Table 1).

TABLE 1: OPEN MARKET OPERATIONS (KSH BILLION)

Date	Reserve Money* (Projected)			OMO				Reserve money performance		Bank Reserves	Currency Outside Banks	
	Forecast	Target	Exc(+)/Short(-)	Posted	Mop up		Exc(+)/Short(-)	Reverse Repo	Actual	Exc(+)/Short(-)	Exc(+)/Short(-)	Exc(+)/Short(-)
	(1)	(2)	3=(1-2)		Repo	Term Auction Deposit						
10-Apr-14	313.9	320.0	-6.1	8.5	8.5	0.0	0.0	0.0	305.4	-14.6	-2.6	-12.0
11-Apr-14	311.1	320.0	-8.9	6.0	0.0	4.0	-2.1	0.0	304.6	-15.4	-3.7	-11.7
14-Apr-14	323.0	321.5	1.5	17.0	7.8	4.2	-5.1	0.0	309.7	-11.7	1.8	-13.5
15-Apr-14	314.7	321.5	-6.8	8.0	7.2	0.0	-0.9	0.0	303.3	-18.1	-6.4	-11.7
16-Apr-14	302.2	321.5	-19.3	0.0	0.0	0.0	0.0	0.0	302.5	-19.0	-7.0	-11.9
Average	313.0	320.9	-7.9	7.9	4.7	1.6	-1.6	0.0	305.1	-15.8	-3.6	-12.2

Source: Central Bank of Kenya

Interbank and REPO Rates

The weighted average interbank rate stabilized at 6.96 percent compared with 6.87 percent in the previous week and the volume transacted at Ksh 9.44 billion compared to Ksh 9.42 billion during the period under review. The average number of deals declined from 48 to 43. (Table 2 and Chart A).

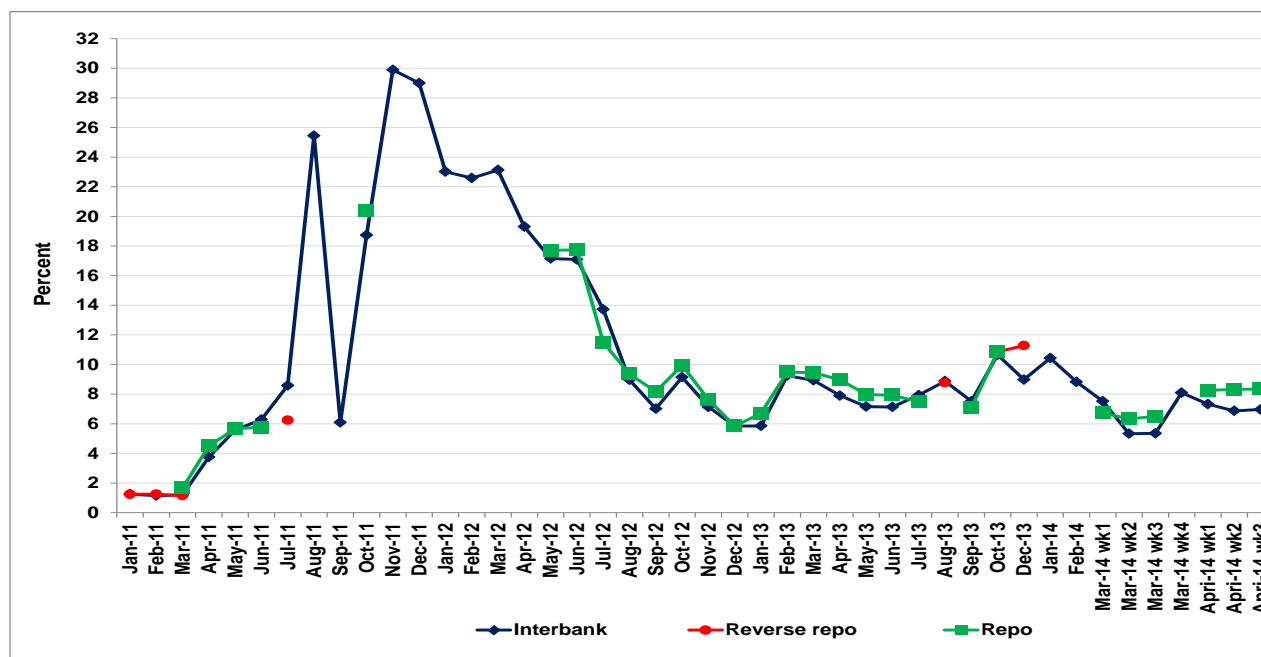
TABLE 2: INTERBANK DEALS, VOLUMES AND INTEREST RATES

Date	Number of deals	Value (Ksh M)	Average Interest Rate (%)
03-Apr-14	48	10,278	6.93
04-Apr-14	58	10,897	6.89
07-Apr-14	46	8,261	6.92
08-Apr-14	43	8,290	6.87
09-Apr-14	45	9,373	6.73
April 3, 2014 -April 9, 2014	48	9,420	6.87
10-Apr-14	44	7,959	6.92
11-Apr-14	51	11,655	6.82
14-Apr-14	42	6,555	6.86
15-Apr-14	36	8,157	6.91
16-Apr-14	43	12,892	7.29
April 10, 2014 -April 16, 2014	43	9,444	6.96

Source: Central Bank of Kenya

During the week ending April 16, 2014, the average repo rate increased marginally to 8.35 percent from 8.32 percent in the previous week.

CHART A: STRUCTURE OF INTEREST RATES

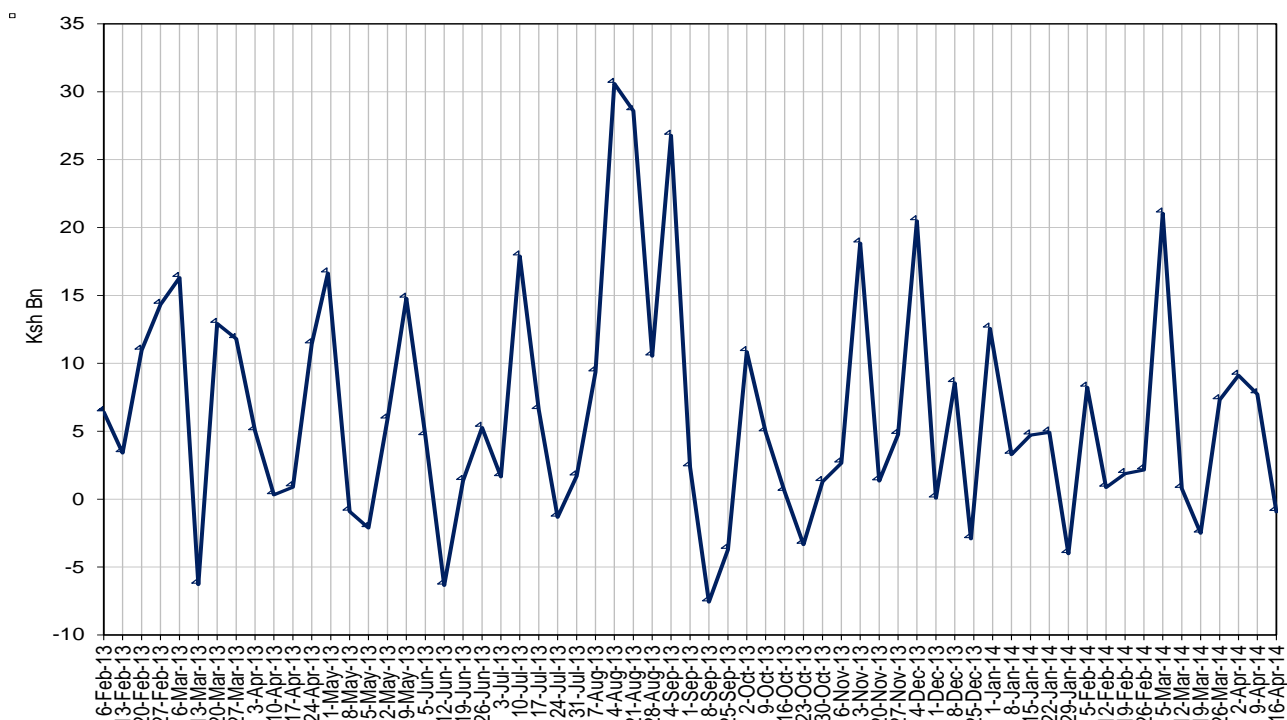


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks recorded a deficit of KSh.0.9 billion in their settlement accounts in relation to the monthly average cash reserve requirement of 5.25 percent (Ksh 101.2 billion) at the Central Bank in the week to April 16, 2014 compared with a surplus of Ksh 7.7 billion recorded in the previous week (Chart B). The depletion of the surplus is attributed to payment of taxes and sterilization of liquidity through open market operations.

CHART B: WEEKLY AVERAGE DEVIATION FROM CRR IN THE CLEARING ACCOUNT



Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling weakened marginally against major world currencies during the week ending April 17, 2014. In the EAC region, the Kenya Shilling remained unchanged against the Tanzania Shilling but weakened marginally against the Rwanda and Burundi Francs, and the Uganda Shilling (Table 3).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	US dollar	Sterling Pound	Euro	Japanese Yen	USHS	TSHS	RWF	BIF
4-Apr-14	86.58	143.63	118.78	83.52	29.54	18.84	7.84	17.93
7-Apr-14	86.66	143.68	118.81	83.82	29.60	18.86	7.82	17.89
8-Apr-14	86.60	143.82	118.98	83.90	29.62	18.76	7.84	17.90
9-Apr-14	86.59	145.02	119.44	84.87	29.47	18.85	7.82	17.90
10-Apr-14	86.56	145.24	119.81	85.05	29.27	18.85	7.86	17.91
04 -10 April 2014	86.60	144.28	119.16	84.23	29.50	18.83	7.84	17.90
11-Apr-14	86.56	145.12	120.22	84.94	29.28	18.85	7.86	17.91
14-Apr-14	86.63	145.04	120.11	85.18	29.01	18.84	7.83	17.89
15-Apr-14	86.71	144.97	119.95	85.08	29.14	18.83	7.85	17.79
16-Apr-14	86.90	145.36	120.15	85.04	28.94	18.79	7.81	17.83
17-Apr-14	86.83	146.07	120.29	85.08	28.94	18.84	7.82	17.84
11 -17 April 2014	86.72	145.31	120.15	85.07	29.06	18.83	7.83	17.85

Source: Central Bank of Kenya

Capital Markets

Capital markets performance improved in the week ending April 16, 2014. The NSE 20 Share Index and NASI gained 3.01 and 28.08 points, respectively. Both the 15 and 25 FTSE NSE Kenya Index Series gained 3 percent each. The FTSE NSE Bond Index gained 0.27 points. Market Capitalization added Ksh 41.79 billion while equity turnover gained by 24.67 per cent over the previous week. Bonds turnover increased by 7 percent, although number of deals transacted were 19 percent lower.

Equities Market

The NSE 20 Share Index closed the week 57 basis points higher, while NASI increased by 2.1 percent compared to previous week. Market capitalization which measures shareholders wealth gained Ksh. 41.79 billion. Equity turnover recorded a 25 percent increase, on account of better prices and increased shares traded, which rose by 94.94 million.

TABLE 4: KEY WEEKLY MARKET STATISTICS

	6-Mar-14	13-Mar-14	20-Mar-14	27-Mar-14	3-Apr-14	10-Apr-14	16-Apr-14
NASI 100=2008	140.94	144.30	144.50	144.55	143.91	144.36	147.37
NSE 20 Share Index 100=1966	4,896.40	4,980.70	4,940.97	4,958.62	4,918.07	4,878.88	4,906.96
Number of Deals	11,075	9,753	10,262	9,902	9,103	9,406	7,604
Total Shares Traded	157.21	113.37	130.64	123.44	109.34	134.39	229.33
Equity Turnover (Ksh. Millions)	3,603.91	2,697.53	3,280.83	3,112.39	2,575.36	3,383.40	4,218.25
Market Capitalization (Ksh. Bn.)	1,959.06	2,005.62	2,008.52	2,009.42	2,000.69	2,007.02	2,048.81
Bonds Turnover (Ksh. Millions)	7,328.30	10,128.85	6,574.47	7,445.43	9,040.08	12,667.60	13,497.10
FTSE NSE Kenya 15 Index	173.74	177.58	176.43	176.93	176.68	177.25	181.74
FTSE NSE Kenya 25 Index	176.00	179.70	178.65	179.02	178.84	179.25	183.84
FTSE NSE Bond Index	93.19	93.19	93.28	93.75	93.62	93.53	93.80

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series and Most Active Sectors

FTSE NSE Kenya 15 Index, which measures stocks performance of 15 largest companies by market capitalization, gained 4.49 points to close at 181.74 points from 177.25 points. FTSE NSE Kenya 25 Index, which measures 25 most liquid stocks at NSE rose to 183.84 points from 179.25 points. FTSE NSE Bond Index gained 0.27 points to close at 93.80 points from 93.53 points previous week reflecting stable yields at both the primary and secondary markets.

Telecommunication and Technology, Banking, and Energy and Petroleum emerged top three most active sectors, transacting 169.44 million or 74.03 percent, 28.97 million or 12.66 percent, 8.97 million or 3.92 percent, respectively. Agricultural sector was least active with 156,900 shares traded.

The Bond Market

The bonds' market turnover increased by 7 percent to Ksh 13,497.10 million from Ksh 12,667.60 million of the previous week. The strong activity may be explained by investors offloading old stock to buy the new bond on offer in the primary market.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

	Amount offered (Ksh M)	Bids received (Ksh M)	Amount Accepted (Ksh M)	Maturities (Ksh M)	Average interest Rate (%)	Coupon Rate (%)	Date of Auction
Treasury Bills							
91 Day	3,000.00	3,519.55	3,498.32	2,295.59	8.757		17-Apr-14
182 Day	3,000.00	6,104.87	4,916.41	1,243.58	9.812		16-Apr-14
364 Day	3,000.00	8,398.11	6,625.63	13,874.69	10.111		16-Apr-14
Total	9,000.00	18,022.53	15,040.36	17,413.86			

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	30th Sept 2013	27th Dec 2013	31th Jan 2014	7th Feb 2014	28th Feb 2014	7th Mar 2014	14th March 2014	21st March 2014	28th March 2014	4th April 2014	11th April 2014
1. Treasury Bills (Excluding Repos)	307.6	309.1	316.3	310.5	317.8	310.3	307.8	316.2	307.5	302.8	288.7
(As % of total securities)	27.9	27.5	27.6	27.2	27.4	26.9	26.7	27.3	26.3	26.0	25.1
2. Treasury Bonds	794.8	816.3	831.3	831.3	843.6	843.6	843.6	843.6	863.6	863.6	863.6
(As % of total securities)	72.1	72.5	72.4	72.8	72.6	73.1	73.3	72.7	73.7	74.0	74.9
3. Total Securities (1+2)	1102.5	1,125.4	1,147.6	1,141.9	1,161.3	1153.9	1151.4	1159.8	1171.1	1166.3	1152.3
4. Overdraft at Central Bank	34.2	34.2	21.6	26.3	34.2	33.1	34.2	30.7	34.2	33.5	33.5
5. Other Domestic debt*	31.6	32.9	30.9	30.9	30.8	30.8	33.9	33.9	33.8	33.9	33.9
6. Gross Domestic Debt (3+4+5)	1168.2	1,192.5	1200.1	1,199.1	1,226.4	1217.9	1219.5	1224.4	1239.0	1233.7	1219.6

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax

Source: Central Bank of Kenya

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

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	Jun-13	21-Mar-14	28-Mar-14	04-Apr-14	11-Apr-14
Treasury bills (Excluding Repos)	25.5	25.8	24.8	24.5	23.7
Treasury bonds	70.8	68.9	69.7	70.0	70.8
CBK Overdraft to Govt	0.7	2.5	2.8	2.7	2.7
Other domestic debt	3.0	2.8	2.7	2.7	2.8
TOTAL	100	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER

	Jun-13	21-Mar-14	28-Mar-14	04-Apr-14	11-Apr-14
Banking Institutions	51.1	49.4	53.7	53.4	53.0
Insurance Companies	10.5	9.9	9.3	9.3	9.4
Parastatals	4.4	3.4	3.2	3.2	3.2
Pension funds	25.3	26.0	25.3	25.4	25.7
Other investors	8.7	11.3	8.6	8.6	8.7
Total	100	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 9: OFFICIAL FOREIGN RESERVES US\$ MILLION (USABLE)

	20-Feb-14	27-Feb-14	6-Mar-14	13-Mar-14	20-Mar-14	27-Mar-14	3-Apr-14	10-Apr-14	17-Apr-14
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,204	6,233	6,245	6,243	6,199	6,209	6,283	6,283	6,338
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.35	4.36	4.36	4.35	4.32	4.33	4.34	4.34	4.37

*Excludes Encumbered Reserves

**Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya