



**APRIL 25, 2014**

### **Highlights**

*The money market was liquid in the week ending April 23, 2014 supported by repo and term auction deposits (TAD) maturities. The Central Bank liquidity management resulted in a net withdrawal of Ksh 10.4bn through repo securities.*

*The average interbank rate increased to 7.83 percent in the week ending April 23, 2014 from 6.96 percent the previous week.*

*The NSE performance improved in the week ending April 24, 2014. The NASI, NSE 20 share index, market capitalization, and all FTSE NSE Kenya index series gained. Total shares traded, equity turnover and bonds turnover however declined.*

### **Monetary Policy Operations**

The money market liquidity improved during the week ending April 23, 2014 on account of repo and term auction deposits (TAD) maturities. The Central Bank liquidity management resulted in a net withdrawal of Ksh 10.4bn through repo securities. Reserve money averaged Ksh 305.9 billion during the week and was Ksh 16.6 billion below target (Table 1).

## CBK Weekly Statistical Bulletin of Key Monetary & Financial Indicators

**TABLE 1: OPEN MARKET OPERATIONS (KSH BILLION)**

Date	Reserve Money* (Projected)			OMO				Reverse 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(-)
					Repo	Term Auction Deposit						
	(1)	(2)	3=(1-2)	(4)	(5)	(6)	7=(5+ 6-4)	(8)	(9)	(10)=(9-2)	(11)	(12)
17-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
22-Apr-14	301.7	321.5	-19.8	0.0	0.0	4.2	4.2	0.0	300.5	-21.0	-10.1	-10.8
23-Apr-14	324.7	323.0	1.7	15.0	11.3	0.0	-3.7	0.0	313.3	-9.7	2.5	-12.2
<b>Average</b>	<b>313.7</b>	<b>322.0</b>	<b>-8.3</b>	<b>7.7</b>	<b>6.2</b>	<b>1.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>305.7</b>	<b>-16.3</b>	<b>-4.7</b>	<b>-11.6</b>

Source: Central Bank of Kenya

### Interbank and REPO Rates

The average interbank rate increased to 7.54 percent in the week ending April 23, 2014 from 6.96 percent the previous week and the volume transacted increased to Ksh 12.6 billion from Ksh 9.44 billion traded the previous week. The average number of deals increased from 43 to 47. (Table 2 and Chart A).

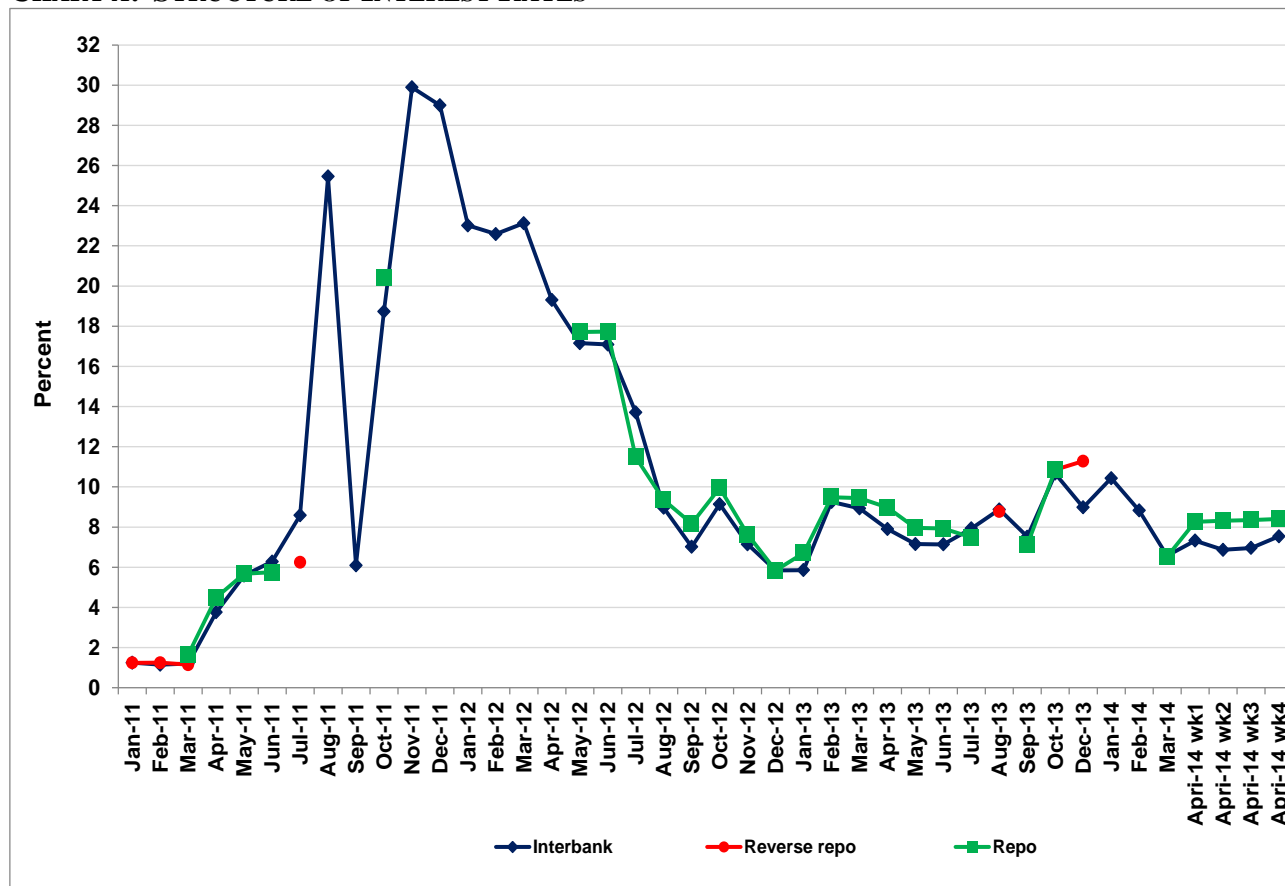
**TABLE 2: INTERBANK DEALS, VOLUMES AND INTEREST RATES**

Date	Number of deals	Value (Ksh M)	Average Interest Rate (%)
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
<b>April 10, 2014 -April 16, 2014</b>	<b>43</b>	<b>9,444</b>	<b>6.96</b>
16-Apr-14	36	8,157	6.91
17-Apr-14	43	12,892	7.29
20-Apr-14	50	10,125	7.72
21-Apr-14	50	15,103	7.82
22-Apr-14	54	17,015	7.96
<b>April 16, 2014 -April 23, 2014</b>	<b>47</b>	<b>12,658</b>	<b>7.54</b>

Source: Central Bank of Kenya

During the week ending April 23, 2014, the average repo rate increased marginally to 8.43 percent from 8.35 percent in the previous week.

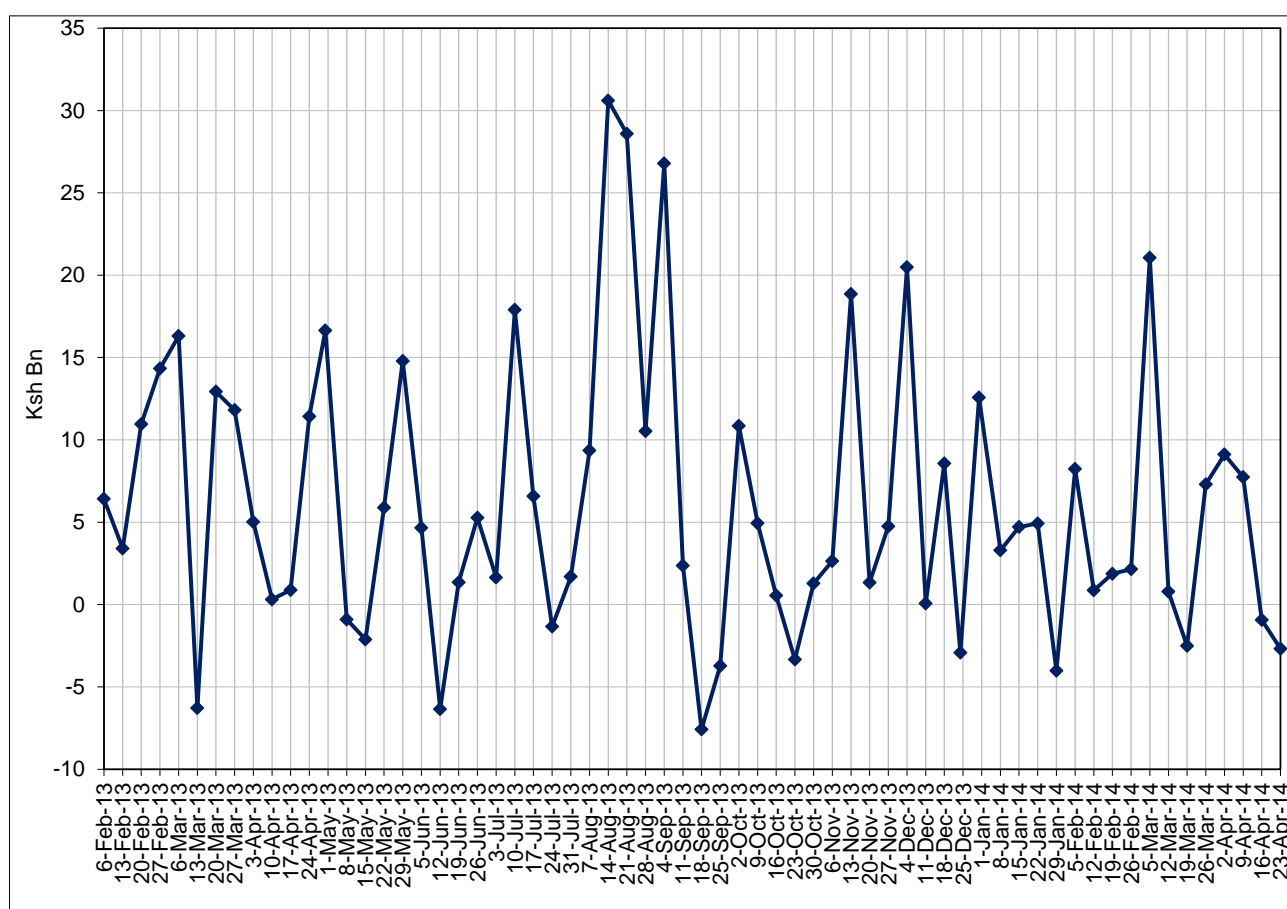
**CHART A: STRUCTURE OF INTEREST RATES**



Source: Central Bank of Kenya

**Commercial Banks Clearing Account Balances**

Commercial banks recorded a deficit of Ksh 1.7 billion in their settlement accounts at the Central Bank in relation to the monthly average cash reserve requirement of 5.25 percent (Ksh 103.1 billion) in the week to April 23, 2014 compared with a deficit of Ksh 0.9 billion recorded in the previous week (Chart B). The wider deficit is attributed to participation by Commercial banks in open market operations of the CBK during the week.

**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 to the US Dollar, the Pound Sterling and the Euro during the week ending April 24, 2014. In the EAC region, the Kenya Shilling strengthened to the Tanzania Shilling but weakened to 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
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
<b>11 -17 April 2014</b>	<b>86.72</b>	<b>145.31</b>	<b>120.15</b>	<b>85.07</b>	<b>29.06</b>	<b>18.83</b>	<b>7.83</b>	<b>17.85</b>
22-Apr-14	86.90	146.05	120.04	84.91	28.93	18.83	7.73	17.65
23-Apr-14	87.08	146.50	120.32	84.94	28.90	18.79	7.72	17.87
24-Apr-14	86.92	145.63	120.25	85.02	28.91	18.89	7.80	17.90
<b>22 -24 April 2014</b>	<b>86.97</b>	<b>146.06</b>	<b>120.20</b>	<b>84.96</b>	<b>28.92</b>	<b>18.84</b>	<b>7.75</b>	<b>17.81</b>

Source: Central Bank of Kenya

## Capital Markets

Capital markets performance improved in the week ending April 24, 2014, with all leading market indicators registering strong gains. On the decline were equity and bond turnovers, indicating reduced supply.

### Equities Market

The NSE 20 Share Index closed the week 16.75 basis points higher, while NASI gained 1.75 percent from the previous week. Market capitalization which measures shareholders wealth gained Ksh 36.19 billion. Equity turnover was 31.43 percent down, on account of low supply of shares traded which declined by 48.4 percent (Table 4) .

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

	13-Mar-14	20-Mar-14	27-Mar-14	3-Apr-14	10-Apr-14	16-Apr-14	24-Apr-14
NASI 100= 2008	144.30	144.50	144.55	143.91	144.36	147.37	149.95
NSE 20 Share Index 100= 1996	4,980.70	4,940.97	4,958.62	4,918.07	4,878.88	4,906.96	4,923.71
Number of Deals	9,753	10,262	9,902	9,103	9,406	7,604	8,710
Total Shares Traded	113.37	130.64	123.44	109.34	134.39	229.33	118.30
Equity Turnover (Ksh. Millions)	2,697.53	3,280.83	3,112.39	2,575.36	3,383.40	4,218.25	2,892.37
Market Capitalization (Ksh. Bn.)	2,005.62	2,008.52	2,009.42	2,000.69	2,007.02	2,048.81	2,085.00
Bonds Turover (Ksh. Millions)	10,128.85	6,574.47	7,445.43	9,040.08	12,667.60	13,497.10	12,960.20
FTSE NSE Kenya 15 Index	177.58	176.43	176.93	176.68	177.25	181.74	186.28
FTSE NSE Kenya 25 Index	179.70	178.65	179.02	178.84	179.25	183.84	188.19
FTSE NSE Bond Index	93.19	93.28	93.75	93.62	93.53	93.80	93.84

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 4.54 points to close at 186.28. FTSE NSE Kenya 25 Index, which measures 25 most liquid stocks at NSE rose to 188.19 points from 183.84 points. FTSE NSE Bond Index gained 0.04 points to close at 93.84, reflecting stable yields.

Banking, Telecommunication & Technology, and Energy & Petroleum emerged top three most active sectors, transacting 37.50 million or 31.74 per cent, 37.43 million or 31.66 per cent, 18.09 million or 15.3 percent cent respectively. Agricultural sector was least active with 55,600 shares traded.

### The Bond Market

The bonds' market turnover declined by 4 percent to Ksh 12,960.20 million from Ksh 13,497.10 million of the previous week. Corresponding deals declined to 107 from 198 last week.

**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
<b>Treasury Bills</b>							
91 Day	3,000.00	2,895.66	2,406.55	2,208.50	8.783		24-Apr-14
182 Day	3,000.00	932.38	932.38	1,636.76	9.822		23-Apr-14
364 Day	3,000.00	6,227.32	5,864.33	6,737.88	10.120		23-Apr-14
<b>Treasury Bonds</b>							
5 Year	15,000.00	30,400.65	17,513.64	6,418.09	10.870	10.870	23-Apr-14
<b>Total</b>	<b>24,000.00</b>	<b>40,456.01</b>	<b>26,716.90</b>	<b>17,001.23</b>			

Source: Central Bank of Kenya

**TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)**

	30th Sept 2013	27th Dec 2013	31st 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**

	Jun-13	21-Mar-14	28-Mar-14	04-Apr-14	11-Apr-14	17-Apr-14
Treasury bills (Excluding Repos)	25.5	25.8	24.8	24.5	23.7	23.3
Treasury bonds	70.8	68.9	69.7	70.0	70.8	71.4
CBK Overdraft to Govt	0.7	2.5	2.8	2.7	2.7	2.8
Other domestic debt	3.0	2.8	2.7	2.7	2.8	2.5
<b>TOTAL</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER**

	Jun-13	21-Mar-14	28-Mar-14	04-Apr-14	11-Apr-14	17-Apr-14
Banking Institutions	51.1	49.4	53.7	53.4	53.0	51.6
Insurance Companies	10.5	9.9	9.3	9.3	9.4	9.5
Parastatals	4.4	3.4	3.2	3.2	3.2	3.3
Pension funds	25.3	26.0	25.3	25.4	25.7	25.5
Other investors	8.7	11.3	8.6	8.6	8.7	10.1
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	06-Mar-14	13-Mar-14	20-Mar-14	27-Mar-14	03-Apr-14	10-Apr-14	17-Apr-14	24-Apr-14
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,245	6,243	6,199	6,209	6,283	6,283	6,338	6,339
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.36	4.35	4.32	4.33	4.34	4.34	4.37	4.37

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya