



MAY 16, 2014

Highlights

The money market was relatively liquid in the week ending May 14, 2014 supported by maturities of repo and Term Auction Deposits (TAD). The Central Bank liquidity management withdrew net liquidity of KSh. 13.7bn through repo securities.

The average interbank rate decreased marginally to 8.03 percent in the week ending May 14, 2014 from 8.47 percent recorded in the previous week.

The NSE recorded mixed performance for the week ending May 15, 2014. On the gaining side were FTSE Kenya Bond Index, number of deals, total shares traded and bond turnover. On the losing side were the NSE 20 Share, NASI, FTSE 15 and FTSE 25 Index series and Equity Turnover.

CBK Weekly Statistical Bulletin of Key Monetary & Financial Indicators

Monetary Policy Operations

The money market was relatively liquid in the week ending May 14, supported by maturities of repo securities and Term Auction Deposits (TAD). The Central Bank liquidity management withdrew net liquidity of KSh. 13.7 billion through repo securities. Reserve money averaged KSh. 321.4 billion during the week and was KSh.0.4 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(-)
					Repo	Term Auction Deposit						
	(1)	(2)	3=(1-2)	(4)	(5)	(6)	7=(5+ 6-4)	(8)	(9)	(10)=(9-2)	(11)	(12)
08-May-14	315.9	322.3	-6.3	0.0	0.0	0.0	0.0	0.0	316.8	-5.4	5.6	-11.0
09-May-14	314.8	322.3	-7.5	0.0	0.0	0.0	0.0	0.0	317.7	-4.6	6.2	-10.8
12-May-14	317.1	321.5	-4.5	0.0	0.0	0.0	0.0	0.0	320.3	-1.3	9.7	-10.9
13-May-14	330.3	321.5	8.7	10.0	7.7	0.0	-2.3	0.0	329.8	8.3	19.8	-11.5
14-May-14	326.0	321.5	4.5	7.0	7.0	0.0	0.0	0.0	322.5	0.9	13.6	-12.7
Average	320.8	321.8	-1.0	3.4	2.9	0.0	-0.5	0.0	321.4	-0.4	11.0	-11.4

Source: Central Bank of Kenya

Interbank and REPO Rates

The average interbank rate decreased to 8.03 percent in the week ending May 14, 2014 from 8.47 percent, while the volume transacted increased to KSh.17.6 billion from KSh. 14.6 billion traded in the previous week. The average number of deals rose from 61 to 73 (**Table 2 and Chart A**).

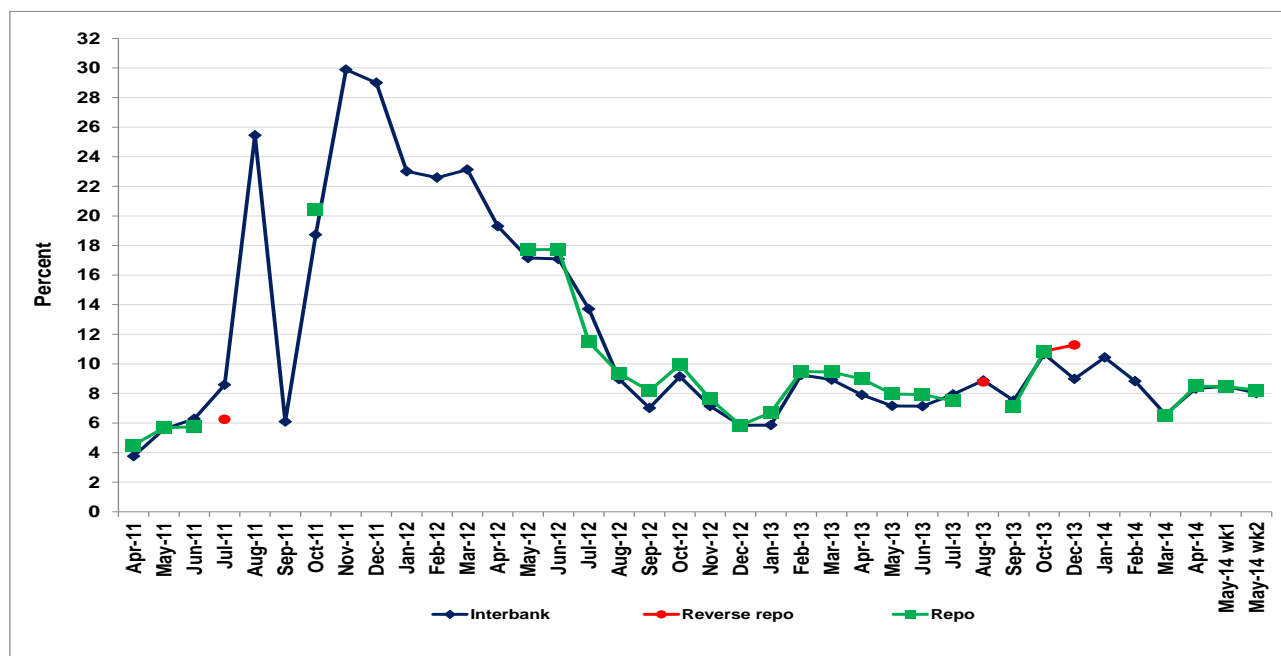
TABLE 2: INTERBANK DEALS, VOLUMES AND INTEREST RATES

Date	Number of deals	Value (Ksh M)	Average Interest Rate (%)
02-May-14	52	12,270	8.42
05-May-14	60	14,405	8.51
06-May-14	70	19,196	8.47
07-May-14	61	12,443	8.50
May 2, 2014 -May 7, 2014	61	14,578	8.47
08-May-14	71	14,878	8.37
09-May-14	84	22,924	8.20
12-May-14	69	15,135	8.04
13-May-14	68	17,009	7.81
14-May-14	71	18,190	7.71
May 8, 2014 -May 14, 2014	73	17,627	8.03

Source: Central Bank of Kenya

During the week ending May 14, 2014, the average repo rate decreased marginally to 8.22 percent from 8.47 percent recorded in the previous week.

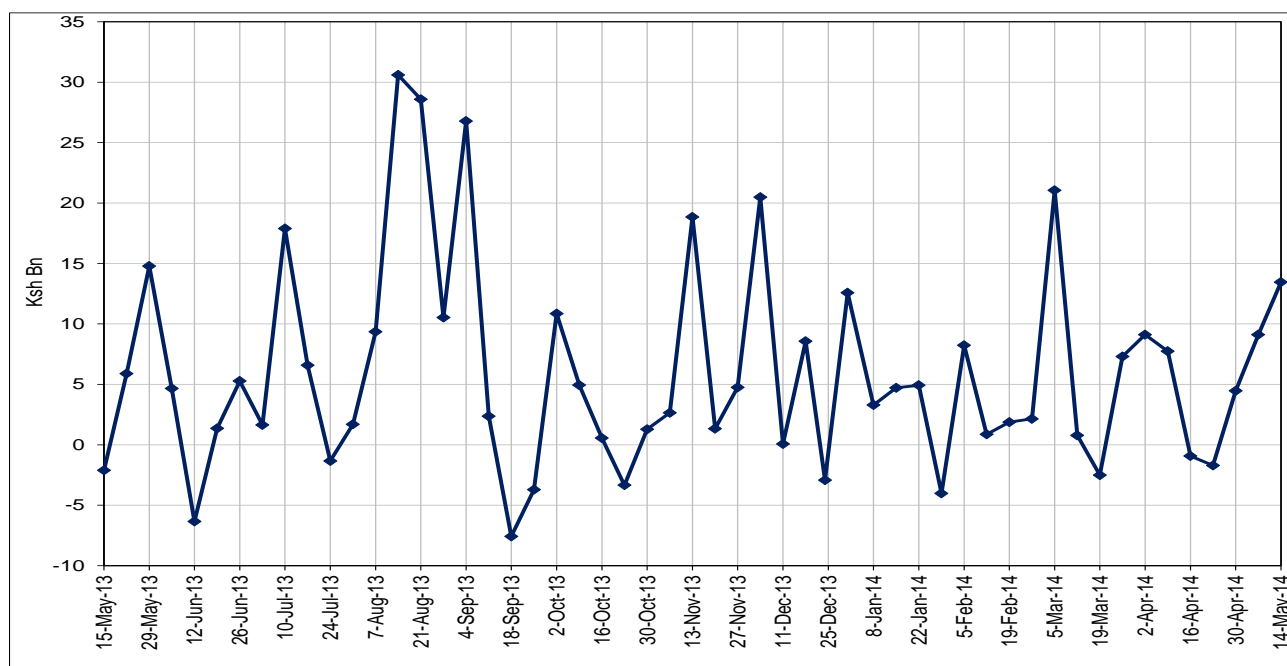
CHART A: INTERBANK AND REPO INTEREST RATES



Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks recorded KSh. 13.5 billion in their settlement accounts in relation to the monthly average cash reserve requirement of 5.25 percent (KSh. 103.1 billion) at the Central Bank in the week to May 14, 2014 compared with KSh. 9.1 billion recorded in the previous week (**Chart B**). Commercial banks utilized reserves in excess of the daily floor of 3.0 percent to participate in the CBK 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 depicted mixed performance against major international and regional currencies. The Shilling weakened against the US Dollar by 0.28% and the Japanese Yen by 0.16% but strengthened against the Pound Sterling by 0.03% and the Euro by 0.62% in the week ending May 15, 2014. In the EAC region, the Kenya Shilling weakened against the Uganda Shilling, the Tanzania Shilling and the Rwanda Franc and remained steady against the Burundi Franc (**Table 3**).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	US dollar	Sterling Pound	Euro	Japanese Yen	USHS	TSHS	RWF	BIF
25-30 April 2014	86.86	145.94	120.24	84.94	28.97	18.92	7.81	17.88
02-May-14	86.87	146.19	120.44	84.96	29.05	18.96	7.81	17.84
05-May-14	86.89	146.61	120.59	85.17	29.09	18.87	7.80	17.67
06-May-14	86.93	146.87	120.68	85.11	29.05	18.95	7.83	17.83
07-May-14	86.96	147.66	121.00	85.70	28.96	18.94	7.77	17.74
08-May-14	86.97	147.60	121.05	85.58	28.95	18.96	7.83	17.82
2-8 May 2014	86.92	146.99	120.75	85.30	29.02	18.94	7.81	17.78
09-May-14	87.03	147.49	120.57	85.57	29.09	18.92	7.79	17.81
12-May-14	87.12	146.81	119.91	85.45	29.06	18.90	7.78	17.79
13-May-14	87.09	147.00	119.86	85.26	28.98	18.93	7.78	17.80
14-May-14	87.22	146.96	119.62	85.33	28.87	18.92	7.77	17.77
15-May-14	87.32	146.50	119.77	85.60	29.03	18.91	7.76	17.75
9-15 May 2014	87.16	146.95	119.95	85.44	29.01	18.92	7.78	17.78

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**Source: Central Bank of Kenya
Capital Markets**

Capital markets recorded mixed performance in the week ending May 15, 2014. On the gaining side, the FTSE NSE Bond Index which recorded 0.37 points increase. Also on the gaining side were number of deals and total shares traded which recorded 10.63 percent and 9.61 percent increase respectively. Bonds turnover recorded 105.32 percent increase with a corresponding increase in number of deals transacted, which recorded 82.9 percent increase compared to the week ending May 8, 2014. On the losing side were the NSE 20 Share Index and NASI which lost 16.73 and 1.05 points, respectively. Similarly, the FTSE NSE Kenya 15 and the FTSE NSE Kenya 25 Index Series lost 1.59 and 1.14 points respectively. Further, Equity Turnover declined by 16.11 percent, while market capitalization declined by 0.67 percent (**Table 4**).

Equities Market

The NSE 20 Share Index closed the week 16.73 basis points down, while NASI declined by 0.69 per cent compared to the previous week. Market capitalization which measures shareholders wealth recorded a decline of KSh. 14.24 billion representing 0.67 percent decline. Equity turnover recorded a 16.11 per cent decline, despite a 9.61 percent increase in total shares traded.

TABLE 4: KEY WEEKLY MARKET STATISTICS

Week Ending	27-Mar-14	03-Apr-14	10-Apr-14	16-Apr-14	24-Apr-14	30-Apr-14	08-May-14	15-May-14
NASI 100= Jan 2008	144.55	143.91	144.36	147.37	149.95	151.13	151.78	150.73
NSE 20 Share Index 100=1966	4,958.62	4,918.07	4,878.88	4,906.96	4,923.71	4,948.97	4,962.06	4,945.33
Number of Deals	9,902	9,103	9,406	7,604	8,710	9,972	11,299	12,500
Total Shares Traded (millions)	123.44	109.34	134.39	229.33	118.30	198.83	196.70	215.6
Equity Turnover (Ksh. millions)	3,112.39	2,575.36	3,383.40	4,218.25	2,892.37	4,030.37	6,006.70	5,038.76
Market Capitalization (Ksh. Bn.)	2,009.42	2,000.69	2,007.02	2,048.81	2,085.00	2,106.08	2,109.99	2,095.75
Bonds Turnover (Ksh. millions)	7,445.43	9,040.08	12,667.60	13,497.10	12,960.20	10,429.30	6,105.85	12,536.78
FTSE NSE Kenya 15 Index	176.93	176.68	177.25	181.74	186.28	192.10	193.69	192.10
FTSE NSE Kenya 25 Index	179.02	178.84	179.25	183.84	188.19	193.92	195.64	194.50
FTSE NSE Bond Index	93.75	93.62	93.53	93.80	93.84	94.17	94.08	94.45

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

N/A Not available

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, lost 1.59 points to close at 192.10 points from 193.69 points the previous week. FTSE NSE Kenya 25 Index, which measures 25 most liquid stocks at NSE lost 1.14 points to close at 194.50 points from 195.64 points. FTSE NSE Bond Index gained 0.37 points to close at 94.45 points from 94.08 points the previous week reflecting stable yields at both the primary and secondary markets.

Telecommunication & Technology, Banking, Energy and Petroleum emerged top three most active sectors, transacting 86.82 million or 40.27 per cent, 54.53 million or 25.31 percent, and 27.10 million or 12.6 percent, respectively. Agricultural sector was least active with 165,200 shares traded.

The Bond Market

The bonds' market turnover increased by 105.32 percent to KSh 12,536.78 million from KSh 6,105.85 million of the previous week. Corresponding deals increased to 139 from 76 the previous week. The strong activity may be explained by investors offloading old stock to buy 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	2,268.04	2,023.53	2,123.40	8.845		15-May-14
182 Day	3,000.00	5,838.95	4,767.35	1,213.64	9.851		14-May-14
364 Day	3,000.00	3,563.49	3,558.05	7,076.26	10.071		14-May-14
Total	9,000.00	11,670.48	10,348.93	10,413.30			

Source: Central Bank of Kenya

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TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	Jun 2013	30th Sept 2013	27th Dec 2013	28th March 2014	25th April 2014	2nd May 2014	9th May 2014
1. Treasury Bills (Excluding Repos)	267.8	307.6	309.1	307.5	278.4	276.7	274.6
(As % of total securities)	26.5	27.9	27.5	26.3	24.4	24.0	23.9
2. Treasury Bonds	744.2	794.8	816.3	863.6	863.6	874.7	874.7
(As % of total securities)	73.5	72.1	72.5	73.7	75.6	76.0	76.1
3. Total Securities (1+2)	1011.9	1102.5	1,125.4	1171.1	1142.0	1151.4	1149.2
4. Overdraft at Central Bank	7.0	34.2	34.2	34.2	34.2	34.2	34.2
5. Other Domestic debt*	32.0	31.6	32.9	33.8	30.6	30.6	30.7
6. Gross Domestic Debt (3+4+5)	1051.0	1168.2	1,192.5	1239.0	1206.8	1216.2	1214.1

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

Source: Central Bank of Kenya

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

	28-Mar-14	04-Apr-14	11-Apr-14	17-Apr-14	25-Apr-14	02-May-14	09-May-14
Treasury bills (Excluding Repos)	24.8	24.5	23.7	23.3	23.1	22.8	22.6
Treasury bonds	69.7	70.0	70.8	71.4	71.6	71.9	72.0
CBK Overdraft to Govt	2.8	2.7	2.7	2.8	2.8	2.8	2.8
Other domestic debt	2.7	2.7	2.8	2.5	2.5	2.5	2.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER

	28-Mar-14	04-Apr-14	11-Apr-14	17-Apr-14	25-Apr-14	02-May-14	09-May-14
Banking Institutions	53.7	53.4	53.0	51.6	51.9	52.0	52.0
Insurance Companies	9.3	9.3	9.4	9.5	9.8	9.7	9.7
Parastatals	3.2	3.2	3.2	3.3	3.6	3.2	3.2
Pension funds	25.3	25.4	25.7	25.5	26.3	26.4	26.2
Other investors	8.6	8.6	8.7	10.1	8.3	8.7	8.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	27-Mar-14	03-Apr-14	10-Apr-14	17-Apr-14	24-Apr-14	30-Apr-14	08-May-14	15-May-14
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,209	6,283	6,283	6,338	6,339	6,308	6,313	6,283
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.33	4.34	4.34	4.37	4.37	4.35	4.36	4.34

*Excludes Encumbered Reserves

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