



APRIL 10, 2015

Highlights

The money market was relatively liquid during the week ending April 8, 2015, largely on account of net government payments. The average interbank rate reduced to 8.05 percent in the week ending April 8, 2015 from 8.17 percent in the previous week.

The Capital markets recorded weak performance in the week ending April 9, 2015, with nearly all leading indicators for both bonds and equities market segments on a decline, reflecting reduced activity over the Easter Holiday.

Monetary Policy Operations

The money market was relatively liquid during the week ending April 8, 2015 largely on account of net government payments (**Table 1**). Reserve money averaged Ksh 356.5 billion during the week ending April 8, 2015 and was Ksh 10.3 billion above target.

TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)

	2-Apr-15	7-Apr-15	8-Apr-15	Total
Liquidity Flows				
Total liquidity injection	23.9	29.2	12.9	65.9
Repos Maturities	2.6	12.2	4.4	19.2
Reverse Repo Purchases	0.0	0.0	0.0	0.0
Overnight loans to banks	0.0	0.0	0.0	0.0
Term Auction Deposit maturities	0.0	2.9	4.6	7.5
Purchases of forex by CBK	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	7.4	0.0	7.4
T/bonds redemptions	0.0	0.0	0.0	0.0
Govt payments	21.3	6.6	3.9	31.7
Total liquidity reduction	8.4	32.2	21.0	61.7
T/bills (Primary issues)	0.0	10.2	0.0	10.2
Tbonds Sales	0.0	0.0	0.0	0.0
Repos	2.3	7.5	11.1	20.9
Reverse Repos maturities	0.0	0.0	0.0	0.0
Term Auction Deposit	3.7	8.5	2.7	14.9
Overnight borrowings repayments	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.4	5.9	4.4	12.7
Net liquidity injection (+)/Withdrawal (-)	15.4	-3.0	-8.2	4.2
Open Market Operations Outcome				
Posted Amount	24.0	16.0	15.0	55.0
Realised Amount	6.0	16.0	13.8	35.8
Repo (-)	2.3	7.5	11.1	20.9
Term Auction Deposits (-)	3.7	8.5	2.7	14.9
Reverse Repo (+)	0.0	0.0	0.0	0.0
Reserve Money Position				Average
Reserve money (actual)	361.5	357.8	350.4	356.5
Reserve money target	346.2	346.2	346.2	346.2
Deviation from target	15.2	11.6	4.2	10.3
Commercial banks excess reserves Exc(+)/ Short(-)	15.1	10.2	0.8	8.7
Cash outside bank Exc(+)/ Short(-)	0.2	1.4	3.4	1.6

Source: Central Bank of Kenya

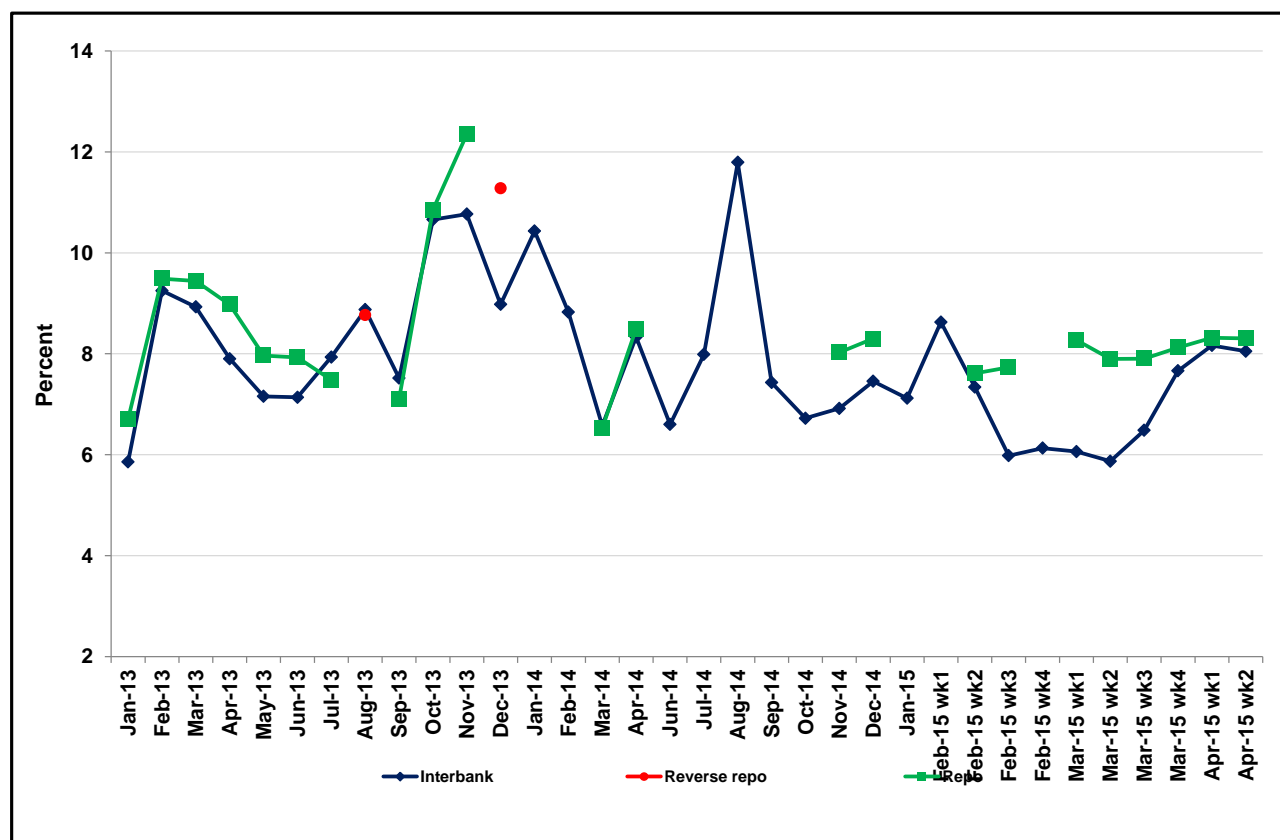
Interbank Rates

The average interbank rate decreased to 8.05 percent in the week ending April 8, 2015 from 8.17 percent in the previous week. The volume transacted increased to Ksh 16.72 billion from Ksh 15.56 billion traded in the previous week, and the number of deals reduced to 49 from 62 deals (**Table 2 and Chart A**). Meanwhile, the repo rate reduced marginally to 8.31 percent in the week ending April 8, 2015 from 8.32 percent recorded in the previous week.

TABLE 2: OPEN MARKET OPERATIONS (KSH BILLION)

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	Average Repo Rate (%)
26-Mar-15	62	18,207	8.09	8.28
27-Mar-15	61	17,210	8.12	8.34
30-Mar-15	58	13,542	8.14	8.32
31-Mar-15	69	14,135	8.25	
1-Apr-15	58	14,695	8.22	8.33
March 26, 2015 - April 1, 2015	62	15,558	8.17	8.32
2-Apr-15	56	18,085	8.18	8.39
7-Apr-15	46	16,900	8.06	8.30
8-Apr-15	46	15,165	7.91	8.23
April 2, 2015 - April 8, 2015	49	16,717	8.05	8.31

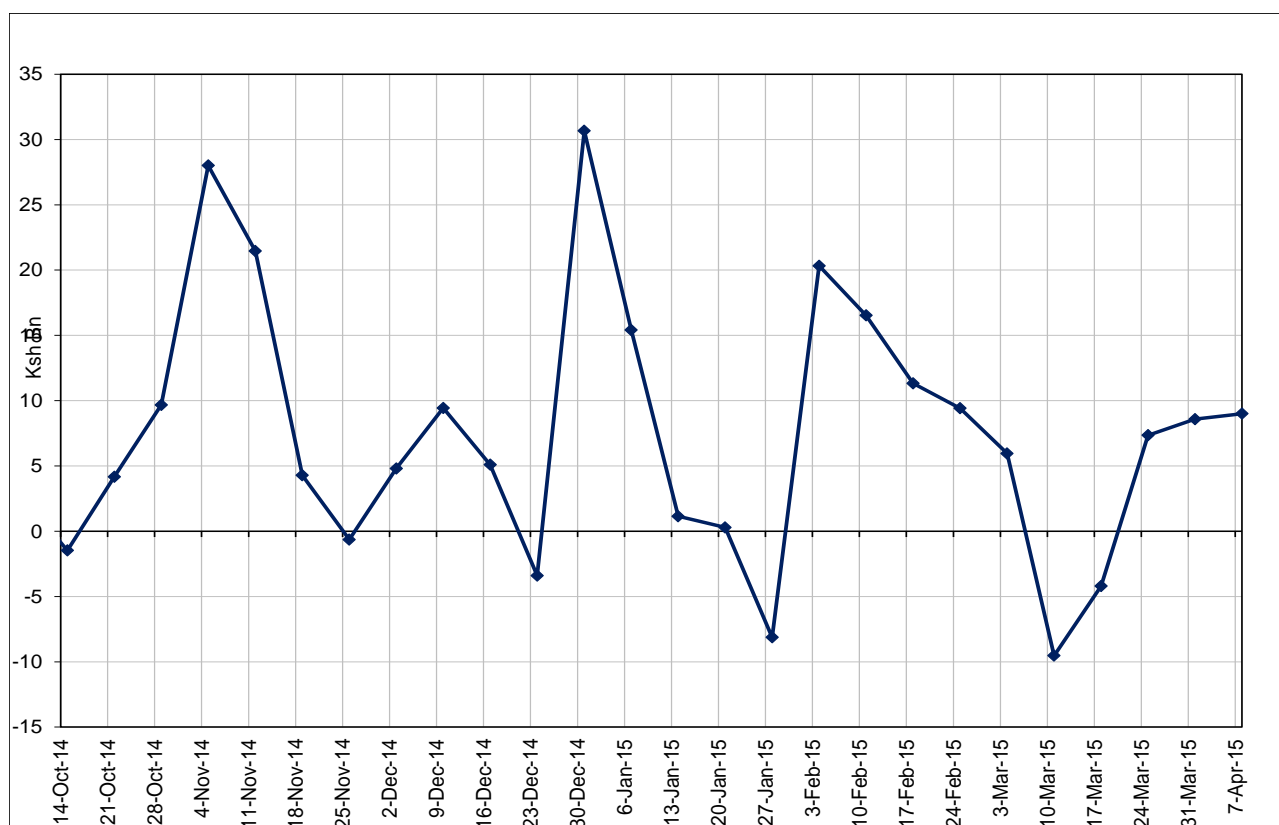
Source: Central Bank of Kenya

CHART A: STRUCTURE OF INTEREST RATES


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' clearing account during the week ending April 8, 2015 had a surplus of Ksh 9 billion in relation to the cash reserve requirement of 5.25 percent (Ksh 122.8 billion) compared with a surplus of Ksh 8.6 billion recorded in the previous week (**Chart B**).

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


Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate weakened against major international and regional currencies during the week ending April 9, 2015. Against the international currencies, it weakened by 0.39 percent against the US Dollar, 0.67 against the Pound Sterling, 0.63 against the Euro and 0.11 against the 100 Japanese Yen (**Table 3**).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
27-Mar-15	92.03	136.66	100.16	77.22	32.35	19.94	7.49	16.96
30-Mar-15	92.19	136.85	100.20	77.32	32.25	20.07	7.47	16.89
31-Mar-15	92.34	136.45	99.53	76.89	32.13	19.99	7.46	16.93
1-Apr-15	92.39	137.32	99.60	77.05	32.20	20.13	7.47	16.85
2-Apr-15	92.58	137.29	99.81	77.43	32.33	19.93	7.43	16.86
27 Mar -2 Apr 2015	92.31	136.91	99.86	77.18	32.25	20.01	7.47	16.90
7-Apr-15	92.78	138.35	101.33	77.60	32.28	19.99	7.43	16.81
8-Apr-15	92.55	137.34	100.41	77.18	32.25	20.04	7.46	16.85
9-Apr-15	92.68	137.79	99.73	77.04	32.04	19.96	7.43	16.78
7-9 Apr 2015	92.67	137.83	100.49	77.27	32.19	20.00	7.44	16.81

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Nairobi Securities Exchange

The Nairobi Securities Exchange largely recorded weak performance in the week ending April 9, 2015, with only the FTSE NSE Bond Index recording marginal gains.

Equities Market

The NSE 20 Share Index continued to decline for the fourth consecutive week shedding off 0.24 percent while NASI recorded a loss of 2.72 percent during the week. Shareholders' wealth measured by market capitalization declined by 2.72 percent compared to the previous week. Equity turnover was 40.42 percent lower on account of 10.94 percent decline in share supply and overall declines in share prices (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	26-Feb-15	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	Wkly Change
NASI 100=2008	175.97	172.28	172.42	173.50	173.73	175.22	170.46	-2.72%
NSE 20 Share Index 100=1996	5,475.84	5,411.05	5,347.54	5,346.56	5,252.74	5,140.53	5,128.03	-0.24%
Number of Deals	10,837	10,790	10,437	10,121	9,910	7,508	5,394	-28.16%
Total Shares Traded (in Millions)	149.79	184.09	137.22	125.39	128.61	118.78	105.79	-10.94%
Equity Turnover (Ksh. Millions)	4,859.32	6,824.50	4,371.61	4,172.41	3,780.13	3,974.73	2,367.99	-40.42%
Market Capitalization (Ksh. Bn.)	2,456.96	2,405.37	2,407.22	2,422.38	2,425.61	2,446.38	2,379.82	-2.72%
Bonds Turnover (Ksh. Millions)	18,423.30	18,453.05	15,701.90	6,521.80	4,240.30	8,478.63	7,117.25	-16.06%
FTSE NSE Kenya 15 Index	234.75	224.82	226.07	227.58	227.70	231.27	226.39	-2.11%
FTSE NSE Kenya 25 Index	235.43	225.19	226.56	228.26	228.18	231.52	226.79	-2.04%
FTSE NSE Bond Index	92.67	93.19	93.37	93.34	93.28	92.39	92.42	0.03%

Source: Nairobi Securities Exchange

FTSE NSE Kenya Price Index Series and Most Active Sectors

FTSE NSE Kenya 15 Index, which measures stocks performance of 15 largest companies by market capitalization, closed the week 2.11 percent lower while FTSE NSE Kenya 25 Index, which measures 25 most liquid stocks at the NSE was 2.04 percent lower compared to the previous week. Conversely, the FTSE Government Bond Index was 0.03 percent higher reflecting a marginal decline in yields.

Telecommunication & Technology, Banking, and Energy & Petroleum sectors were the top three most active sectors, representing 58.8 percent, 17.4 percent and 14.4 percent of the total shares traded, respectively. Automobiles & Accessories sector was the least active with 76,300 shares traded.

The Bond Market

The bond's turnover declined by 16.06 percent to Ksh 7,117.25 million from Ksh 8,478.63 million in the previous week, perhaps on account of low market activity over the Easter Holiday. The number of deals declined to 51 from 122 deals in the previous week.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills								
Date of Auction	19-Feb-15	26-Feb-15	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15
Amount offered (Ksh M)	2,000.0	2,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Bids received (Ksh M)	882.2	5,182.2	1,921.1	2,811.6	589.5	1,124.2	711.8	2,395.0
Amount Accepted (Ksh M)	882.2	4,636.3	1,921.1	2,409.7	588.9	1,124.2	711.8	2,394.5
Maturities (Ksh M)	4,491.2	1,128.7	1,481.5	2,010.7	1,653.9	782.9	3,492.9	1,346.3
Average interest Rate (%)	8.640	8.645	8.463	8.453	8.453	8.438	8.454	8.422
182-Day Treasury Bills								
Date of Auction	18-Feb-15	25-Feb-15	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15
Amount offered (Ksh M)	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Bids received (Ksh M)	6,684.9	6,127.6	4,503.6	7,596.5	3,778.5	5,553.2	6,227.8	5,115.1
Amount Accepted (Ksh M)	909.7	4,915.6	4,503.6	5,544.3	3,463.7	4,497.9	3,660.3	4,611.2
Maturities (Ksh M)	750.2	619.85	321.7	436.6	417.5	1,475.7	2,558.2	2,300.6
Average interest Rate (%)	10.377	10.367	10.375	10.356	10.326	10.300	10.271	10.248
364-Day Treasury Bills								
Date of Auction	18-Feb-15	25-Feb-15	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15
Amount offered (Ksh M)	3,000.0	3,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	9,986.2	10,592.2	20,656.6	9,053.7	5,956.6	4,929.8	7,191.0	7,113.0
Amount Accepted (Ksh M)	7,327.8	6,739.1	7,461.4	5,366.3	5,053.0	4,161.7	5,837.4	4,855.1
Maturities (Ksh M)	1,426.6	2,821.1	4,130.0	8,118.8	3,028.1	3,893.1	1,636.2	5,608.4
Average interest Rate (%)	10.907	10.892	10.768	10.636	10.596	10.553	10.543	10.564
Treasury Bonds								
Date of Auction						25-Mar-15		
Tenor						12 yr IFB		12 yr IFB
Amount offered (Ksh M)						25,000.0		50,000.0
Bids received (Ksh M)						51,657.9		24,020.1
Amount Accepted (Ksh M)						25,695.4		24,020.1
Maturities (Ksh M)						19,960.7		0.0
Average interest Rate (%)						11.6		11.6

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	16th January 2015	23rd January 2015	30th January 2015	6th February 2015	13th February 2015	20th February 2015	27th February 2015	6th March 2015	13th March 2015	20th March 2015	27th March 2015	2nd April 2015
1. Treasury Bills (Excluding Repos)	294.84	296.75	299.29	296.37	299.71	305.15	308.12	320.57	329.59	333.25	337.98	342.22
(As % of total securities)	23.59	23.71	23.45	23.27	23.47	24.01	24.58	24.63	25.15	25.36	26.02	26.26
2. Treasury Bonds	955.00	955.00	977.08	977.08	977.08	965.94	945.50	981.00	981.00	981.00	961.04	961.04
(As % of total securities)	76.41	76.29	76.55	76.73	76.53	75.99	75.42	75.37	74.85	74.64	73.98	73.74
3. Total Securities (1+2)	1,249.84	1,251.75	1,276.37	1,273.45	1,276.79	1,271.09	1,253.61	1,301.57	1,310.59	1,314.25	1,299.01	1,303.25
4. Overdraft at Central Bank	25.31	25.47	27.49	30.72	27.91	35.91	34.20	21.83	21.83	8.24	32.68	37.40
5. Other Domestic debt*	30.42	30.41	30.42	30.43	28.20	28.22	28.22	28.21	29.98	29.99	29.97	30.05
6. Gross Domestic Debt (3+4+5)	1,305.58	1,307.63	1,334.28	1,334.60	1,332.91	1,335.21	1,316.03	1,351.62	1,362.40	1,352.47	1,361.67	1,370.70

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

Source: Central Bank of Kenya

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

	16-Jan-15	23-Jan-15	30-Jan-15	6-Feb-15	13-Feb-15	20-Feb-15	27-Feb-15	6-Mar-15	13-Mar-15	20-Mar-15	27-Mar-15	2-Apr-15
Treasury bills (Excluding Repos)	22.6	22.7	22.4	22.2	22.5	22.9	23.4	23.7	24.2	24.6	24.8	25.0
Treasury bonds	73.1	73.0	73.2	73.2	73.3	72.3	71.8	72.6	72.0	72.5	70.6	70.1
CBK Overdraft to Govt	1.9	1.9	2.1	2.3	2.1	2.7	2.6	1.6	2.0	0.6	2.4	2.7
Other domestic debt	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.1	1.8	2.2	2.2	2.2
TOTAL	100.0	100.0	100.0	100.0	100.0	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

	16-Jan-15	23-Jan-15	30-Jan-15	6-Feb-15	13-Feb-15	20-Feb-15	27-Feb-15	6-Mar-15	13-Mar-15	20-Mar-15	27-Mar-15	2-Apr-15
Banking Institutions	54.2	54.1	54.0	54.3	54.2	54.6	54.8	55.0	55.2	54.9	55.8	56.0
Insurance Companies	9.9	9.8	9.8	9.7	9.7	9.6	9.5	9.3	9.3	9.3	9.0	9.0
Parastatals	2.8	2.8	2.8	2.8	2.9	2.8	2.9	2.9	2.9	2.9	3.1	3.0
Pension funds	23.9	23.9	23.9	23.8	23.8	24.0	23.8	23.8	23.8	23.8	23.2	24.7
Other investors	9.3	9.4	9.5	9.4	9.4	9.0	9.1	9.0	8.8	9.1	8.9	7.2
Total	100.0	100.0	100.0	100.0	100.0	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)

	29-Jan-15	5-Feb-15	12-Feb-15	19-Feb-15	26-Feb-15	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	7,189	7,178	7,206	7,199	7,206	7,295	7,275	7,122	7,152	7,071	6,995
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.64	4.63	4.65	4.63	4.64	4.70	4.68	4.57	4.58	4.53	4.48

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya