



**APRIL 17, 2015**

## **Highlights**

*The money market was relatively tight during the week ending April 15, 2015, largely on account of payment of taxes and issuance of government securities. The average interbank rate however reduced to 7.92 percent in the week ending April 15, 2015 from 8.05 percent in the previous week.*

*Capital markets recorded mixed performance in the week ending April 16, 2015. The equity market segment recorded both gains and losses in its leading indicators, while bond market segment recorded lower activity.*

## **Monetary Policy Operations**

**T**he money market was relatively tight during the week ending April 15, 2015 largely on account of payment of taxes and issuance of government securities (**Table 1**). Reserve money averaged Ksh 335.5 billion during the week ending April 15, 2015 and was Ksh 10.0 billion below target.

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

	9-Apr-15	10-Apr-15	13-Apr-15	14-Apr-15	15-Apr-15	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection</b>	<b>8.4</b>	<b>6.6</b>	<b>25.7</b>	<b>14.6</b>	<b>13.4</b>	<b>68.7</b>
Repos Maturities	2.3	0.0	0.0	7.5	11.1	20.9
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Overnight loans to banks	0.0	0.0	5.4	1.5	0.0	6.9
Term Auction Deposit maturities	2.5	0.0	5.4	1.5	1.1	10.5
T/bills redemptions	0.0	0.0	8.3	0.0	0.0	8.3
T/bonds redemptions	0.0	0.0	3.1	0.0	0.0	3.1
Govt payments	3.6	6.6	3.3	3.9	1.2	18.7
<b>Total liquidity reduction</b>	<b>17.2</b>	<b>6.9</b>	<b>46.7</b>	<b>8.6</b>	<b>3.8</b>	<b>83.3</b>
T/bills (Primary issues)	0.0	0.0	14.6	0.0	0.0	14.6
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	24.7	0.0	0.0	24.7
Repos	1.5	1.3	0.0	0.0	0.0	2.8
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	2.3	0.0	0.0	0.0	0.0	2.3
Overnight borrowings repayments	0.0	0.0	0.0	5.4	1.5	6.9
Transfer from Banks -Taxes	6.0	5.6	7.2	3.0	2.3	24.0
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-8.8</b>	<b>-0.3</b>	<b>-20.9</b>	<b>6.0</b>	<b>9.5</b>	<b>-14.5</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	5.0	4.0	0.0	0.0	0.0	9.0
<b>Realised Amount</b>	<b>3.8</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.1</b>
Repo (-)	1.5	1.3	0.0	0.0	0.0	2.8
Term Auction Deposits (-)	2.3	0.0	0.0	0.0	0.0	2.3
Reverse Repo (+)	0.0	0	0.0	0.0	0.0	0.0
<b>Reserve Money Position</b>						<b>Average</b>
Reserve money (actual)	341.3	340.7	325.4	330.2	339.7	335.5
Reserve money target	346.2	346.2	344.9	344.9	344.9	345.4
Deviation from target	-4.9	-5.5	-19.5	-14.7	-5.2	-10.0
Commercial banks excess reserves Exc(+)/ Short(-)	-7.9	-8.2	-22.9	-18.3	-6.1	-12.7
Cash outside bank Exc(+)/ Short(-)	3.0	2.6	3.4	3.6	0.9	2.7

Source: Central Bank of Kenya

## Interbank Rates

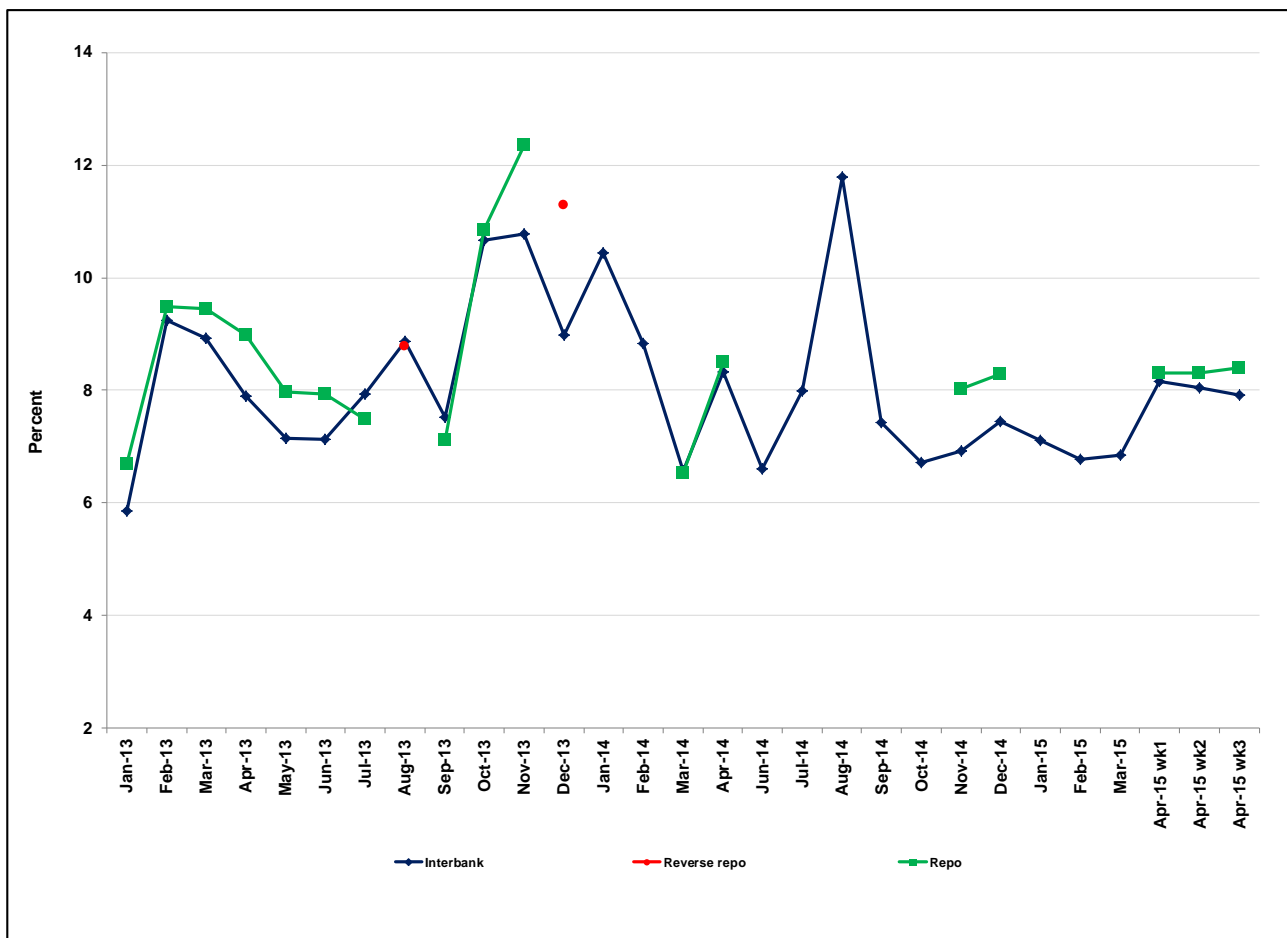
The average interbank rate decreased to 7.92 percent in the week ending April 15, 2015 from 8.05 percent in the previous week. The volume transacted increased to Ksh 17.92 billion from Ksh 16.72 billion traded in the previous week, and the number of deals increased to 59 from 49 deals (**Table 2 and Chart A**). Meanwhile, the repo rate increased marginally to 8.41 percent in the week ending April 15, 2015 from 8.31 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 (%)
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
<b>April 2, 2015 - April 8, 2015</b>	<b>49</b>	<b>16,717</b>	<b>8.05</b>	<b>8.31</b>
9-Apr-15	41	13,370	7.77	8.42
10-Apr-15	50	15,495	7.69	8.40
13-Apr-15	71	20,430	7.79	
14-Apr-15	85	23,017	8.05	
15-Apr-15	48	17,305	8.29	
<b>April 9, 2015 - April 15, 2015</b>	<b>59</b>	<b>17,923</b>	<b>7.92</b>	<b>8.41</b>

Source: Central Bank of Kenya

**CHART A: STRUCTURE OF INTEREST RATES**

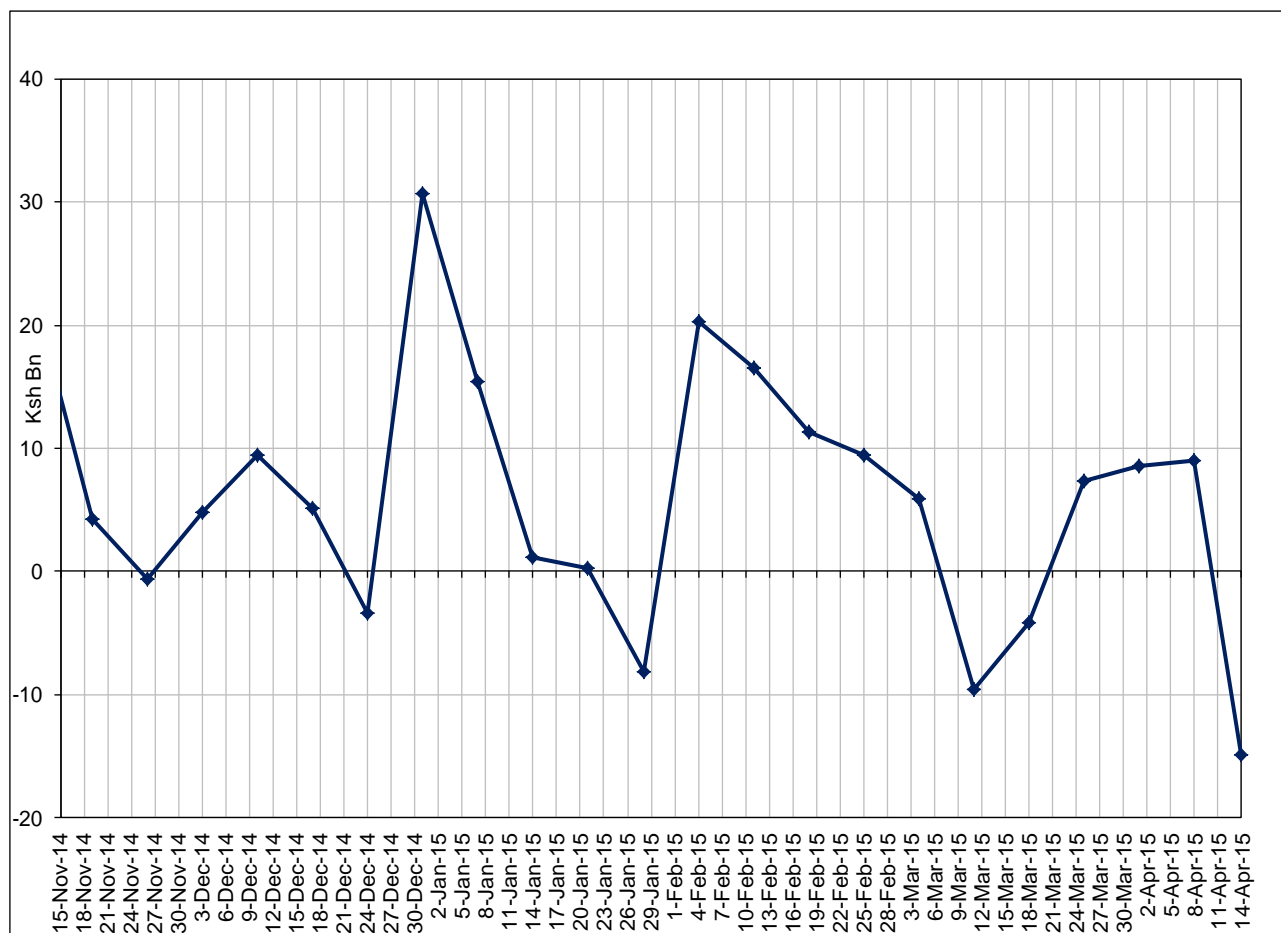


Source: Central Bank of Kenya

### Commercial Banks Clearing Account Balances

Commercial banks' clearing account during the CRR cycle ending April 14, 2015 had a deficit of Ksh 14.9 billion in relation to the cash reserve requirement of 5.25 percent (Ksh 122.8 billion) compared with a surplus of Ksh 9 billion recorded 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 depicted mixed performance against major international and regional currencies in the week ending April 16, 2015. During the week, the Shilling weakened by 0.56 percent and 0.54 percent, against the US Dollar and the Japanese Yen and strengthened by 0.57 percent and 1.47 percent against the Sterling Pound and the Euro, respectively. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling and weakened against the Uganda Shilling and the Rwanda Franc. Against the Burundi Franc, the Kenya Shilling traded at the same level as the previous period (**Table 3**).

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
<b>7-9 Apr 2015</b>	<b>92.67</b>	<b>137.83</b>	<b>100.49</b>	<b>77.27</b>	<b>32.19</b>	<b>20.00</b>	<b>7.44</b>	<b>16.81</b>
10-Apr-15	92.85	136.46	99.06	77.05	32.04	19.96	7.42	16.83
13-Apr-15	92.98	135.63	98.50	77.24	32.05	19.95	7.42	16.79
14-Apr-15	93.25	136.79	98.36	77.84	32.04	19.84	7.39	16.84
15-Apr-15	93.38	137.74	99.32	78.02	32.18	20.08	7.38	16.82
16-Apr-15	93.50	138.61	99.82	78.31	32.14	20.21	7.36	16.77
<b>10-16 Apr 2015</b>	<b>93.19</b>	<b>137.05</b>	<b>99.01</b>	<b>77.69</b>	<b>32.09</b>	<b>20.01</b>	<b>7.39</b>	<b>16.81</b>

*Source: Central Bank of Kenya*

### The Nairobi Securities Exchange

Two out of the eight equity market segment leading indicators recorded declines in the week ending April 16, 2015 while the entire bonds market segment indicators declined. This shows mixed performance for the entire capital markets during the week under review.

### Equities Market

The NSE 20 Share Index maintained a downward trend for the eighth consecutive week, reflecting low uptake in the 20 counters that make the index. The NASI however recorded a marginal gain of 0.65 percent during the week. Shareholders' wealth measured by market capitalization gained Ksh 19.56 billion compared to the previous week. Equity turnover was 29.33 percent higher on account of increased share prices of some counters (**Table 4**).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15	Wkly Change
NASI 100= 2008	172.28	172.42	173.50	173.73	175.22	170.46	171.57	0.65%
NSE 20 Share Index 100= 1996	5,411.05	5,347.54	5,346.56	5,252.74	5,140.53	5,128.03	5,078.74	-0.96%
Number of Deals	10,790	10,437	10,121	9,910	7,508	5,394	8,768	62.55%
Total Shares Traded (in Millions)	184.09	137.22	125.39	128.61	118.78	105.79	95.52	-9.71%
Equity Turnover (Ksh. Millions)	6,824.50	4,371.61	4,172.41	3,780.13	3,974.73	2,367.99	3,062.52	29.33%
Market Capitalization (Ksh. Bn.)	2,405.37	2,407.22	2,422.38	2,425.61	2,446.38	2,379.82	2,399.38	0.82%
Bonds Turnover (Ksh. Millions)	18,453.05	15,701.90	6,521.80	4,240.30	8,478.63	7,117.25	6,924.80	-2.70%
FTSE NSE Kenya 15 Index	224.82	226.07	227.58	227.70	231.27	226.39	228.77	1.05%
FTSE NSE Kenya 25 Index	225.19	226.56	228.26	228.18	231.52	226.79	228.84	0.90%
FTSE NSE Bond Index	93.19	93.37	93.34	93.28	92.39	92.42	92.21	-0.23%

*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 1.05 percent higher while FTSE NSE Kenya 25 Index, which measures 25 most liquid stocks was 0.90 percent higher compared to the previous week. The FTSE Government Bond Index was 0.23 percent lower reflecting uptick in market yields.

Telecommunication & Technology, Banking, and Manufacturing & Allied sectors were the top three most active sectors, at 44.03 percent, 27.43 percent and 5.79 percent of the total shares traded, respectively. Automobiles & Accessories sector was least active with 78,900 shares traded.

## The Bond Market

The bond's turnover declined by 2.70 percent to Ksh 6,924.80 million from Ksh 7,117.25 million in the previous week. However, the number of deals increased to 172 from 51 deals in the previous week.

**TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS**

91-Day Treasury Bills								
Date of Auction	26-Feb-15	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15
Amount offered (Ksh M)	2,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Bids received (Ksh M)	5,182.2	1,921.1	2,811.6	589.5	1,124.2	711.8	2,395.0	1,467.1
Amount Accepted (Ksh M)	4,636.3	1,921.1	2,409.7	588.9	1,124.2	711.8	2,394.5	1,467.2
Maturities (Ksh M)	1,128.7	1,481.5	2,010.7	1,653.9	782.9	3,492.9	1,346.3	2,898.6
Average interest Rate (%)	8.645	8.463	8.453	8.453	8.438	8.454	8.422	8.408
182-Day Treasury Bills								
Date of Auction	25-Feb-15	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15	15-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)	6,127.6	4,503.6	7,596.5	3,778.5	5,553.2	6,227.8	5,115.1	5,362.9
Amount Accepted (Ksh M)	4,915.6	4,503.6	5,544.3	3,463.7	4,497.9	3,660.3	4,611.2	4,754.2
Maturities (Ksh M)	619.85	321.7	436.6	417.5	1,475.7	2,558.2	2,300.6	2,626.3
Average interest Rate (%)	10.367	10.375	10.356	10.326	10.300	10.271	10.248	10.252
364-Day Treasury Bills								
Date of Auction	25-Feb-15	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15	15-Apr-15
Amount offered (Ksh M)	3,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	10,592.2	20,656.6	9,053.7	5,956.6	4,929.8	7,191.0	7,113.0	3,818.8
Amount Accepted (Ksh M)	6,739.1	7,461.4	5,366.3	5,053.0	4,161.7	5,837.4	4,855.1	3,769.1
Maturities (Ksh M)	2,821.1	4,130.0	8,118.8	3,028.1	3,893.1	1,636.2	5,608.4	7,293.1
Average interest Rate (%)	10.892	10.768	10.636	10.596	10.553	10.543	10.564	10.576
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

# CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

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

	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	10th April 2015
1. Treasury Bills (Excluding Repos)	299.29	296.37	299.71	305.15	308.12	320.57	329.59	333.25	337.98	342.22	345.53
(As % of total securities)	23.45	23.27	23.47	24.01	24.58	24.63	25.15	25.36	26.02	26.26	25.92
2. Treasury Bonds	977.08	977.08	977.08	965.94	945.50	981.00	981.00	981.00	961.04	961.04	987.49
(As % of total securities)	76.55	76.73	76.53	75.99	75.42	75.37	74.85	74.64	73.98	73.74	74.08
3. Total Securities (1+2)	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	1,333.03
4. Overdraft at Central Bank	27.49	30.72	27.91	35.91	34.20	21.83	21.83	8.24	32.68	37.40	37.40
5. Other Domestic debt*	30.42	30.43	28.20	28.22	28.22	28.21	29.98	29.99	29.97	56.46	29.95
6. Gross Domestic Debt (3+4+5)	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	1,397.11	1,400.37

\* 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**

	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	10-Apr-15
Treasury bills (Excluding Repos)	22.4	22.2	22.5	22.9	23.4	23.7	24.2	24.6	24.8	25.0	24.7
Treasury bonds	73.2	73.2	73.3	72.3	71.8	72.6	72.0	72.5	70.6	70.1	70.5
CBK Overdraft to Govt	2.1	2.3	2.1	2.7	2.6	1.6	2.0	0.6	2.4	2.7	2.7
Other domestic debt	2.3	2.3	2.1	2.1	2.1	2.1	1.8	2.2	2.2	2.2	2.1
TOTAL	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**

	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	10-Apr-15
Banking Institutions	54.0	54.3	54.2	54.6	54.8	55.0	55.2	54.9	55.8	56.0	56.2
Insurance Companies	9.8	9.7	9.7	9.6	9.5	9.3	9.3	9.3	9.0	9.0	8.9
Parastatals	2.8	2.8	2.9	2.8	2.9	2.9	2.9	2.9	3.1	3.0	3.1
Pension funds	23.9	23.8	23.8	24.0	23.8	23.8	23.8	23.8	23.2	24.7	24.6
Other investors	9.5	9.4	9.4	9.0	9.1	9.0	8.8	9.1	8.9	7.2	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

Source: Central Bank of Kenya

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

	26-Feb-15	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	7,206	7,295	7,275	7,122	7,152	7,071	6,995	6,937
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.64	4.70	4.68	4.57	4.58	4.53	4.48	4.45

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya