



**APRIL 24, 2015**

## **Highlights**

*The money market was relatively tight during the week ending April 22, 2015, largely on account of payment of taxes. The average interbank rate increased to 8.7 percent from 7.92 percent in the previous week.*

The Nairobi Securities Exchange recorded mixed performance in the week ending April 23, 2015 with stability in most Equities market segment indicators and a decline in the bonds market segment.

## **Monetary Policy Operations**

The money market was relatively tight during the week ending April 22, 2015 largely on account of payment of taxes (**Table 1**). The Central bank liquidity management offered Ksh13.0 billion in repo sales and received bids of Ksh 2.2 billion. Reserve money averaged Ksh 336.9 billion during the week ending April 22, 2015 and was Ksh 7.1 billion below target.

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

	16-Apr-15	17-Apr-15	20-Apr-15	21-Apr-15	22-Apr-15	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection</b>	<b>8.1</b>	<b>8.2</b>	<b>18.0</b>	<b>14.1</b>	<b>6.7</b>	<b>55.0</b>
Repos Maturities	1.5	1.3	0.0	0.0	0.0	2.8
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Overnight loans to banks	0.0	0.0	0.0	0.0	1.3	1.3
Term Auction Deposit maturities	5.5	0.0	0.4	6.8	3.2	15.8
T/bills redemptions	0.0	0.0	12.0	0.0	0.0	12.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	1.1	6.9	3.4	6.7	2.2	20.3
<b>Total liquidity reduction</b>	<b>8.3</b>	<b>5.8</b>	<b>26.3</b>	<b>8.8</b>	<b>10.9</b>	<b>60.1</b>
T/bills (Primary issues)	0.0	0.0	10.0	0.0	0.0	10.0
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	2.2	0.0	0.0	0.0	0.0	2.2
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Overnight borrowings repayments	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	6.1	5.8	16.3	8.2	10.8	47.2
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-0.2</b>	<b>2.4</b>	<b>-8.3</b>	<b>5.2</b>	<b>-4.2</b>	<b>-5.1</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	7.0	0.0	0.0	5.0	1.0	13.0
<b>Realised Amount</b>	<b>2.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.2</b>
Repo (-)	2.2	0.0	0.0	0.0	0.0	2.2
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo (+)	0.0	0	0.0	0.0	0.0	0.0
<b>Reserve Money Position</b>						<b>Average</b>
Reserve money (actual)	339.1	341.1	333.0	338.0	333.6	336.9
Reserve money target	344.9	344.9	343.6	343.6	343.6	344.1
Deviation from target	-5.8	-3.8	-10.6	-5.6	-9.9	-7.1
Commercial banks excess reserves Exc(+)/ Short(-)	-6.5	-3.9	-11.9	-6.1	-9.8	-7.6
Cash outside bank Exc(+)/ Short(-)	0.7	0.1	1.3	0.5	-0.1	0.5

Source: Central Bank of Kenya

## Interbank Rates

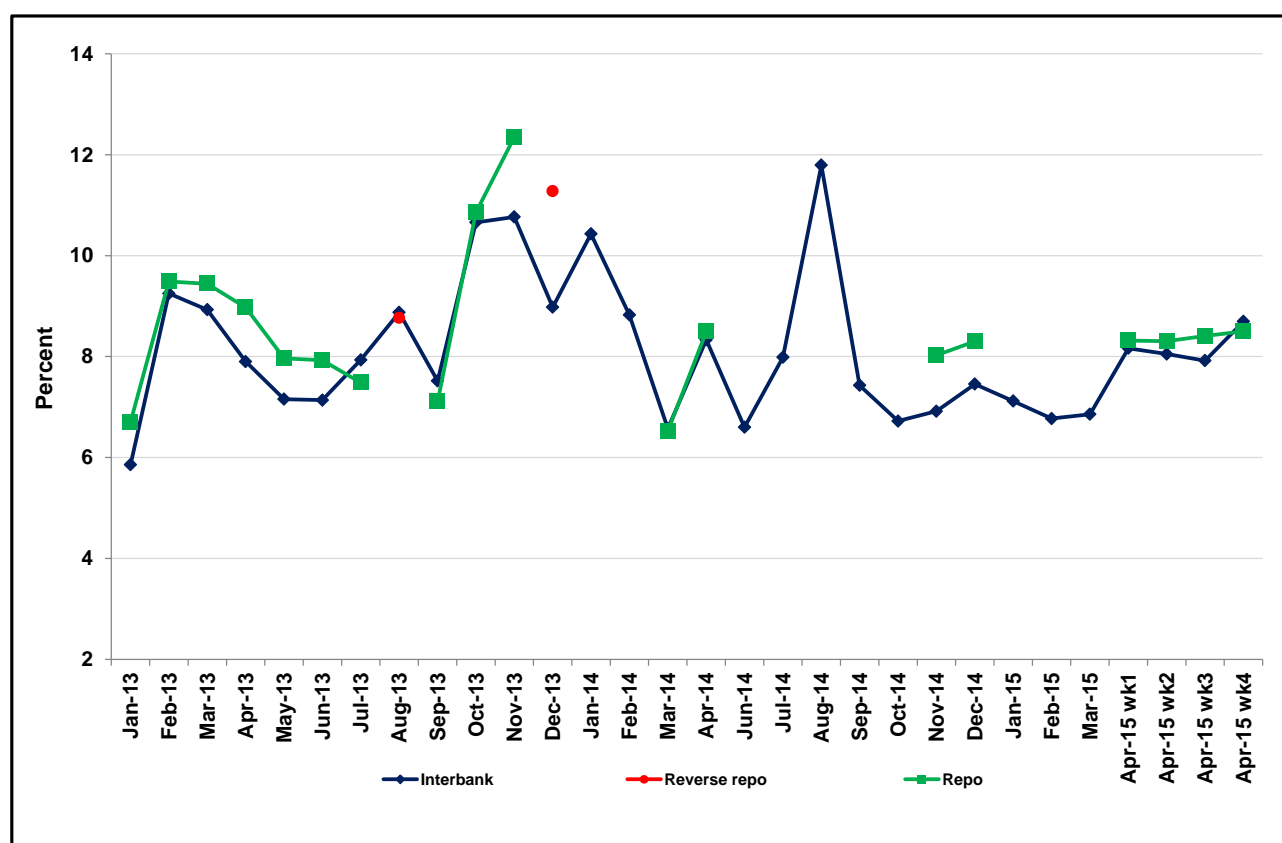
The average interbank rate increased to 8.7 percent in the week ending April 22, 2015 from 7.92 percent in the previous week. The volume transacted decreased to Ksh 16.55 billion from Ksh 17.92 billion traded in the previous week, and the number of deals at 60 stabilized close to the 59 deals recorded in the previous week (**Table 2 and Chart A**). The repo rate increased marginally to 8.5 percent in the week ending April 22, 2015 from 8.41 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 (%)
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>
16-Apr-15	60	20,502	8.42	8.50
17-Apr-15	63	20,037	8.57	
20-Apr-15	64	17,995	8.65	
21-Apr-15	58	13,150	8.81	
22-Apr-15	55	11,050	9.03	
<b>April 16, 2015 - April 22, 2015</b>	<b>60</b>	<b>16,547</b>	<b>8.70</b>	<b>8.50</b>

Source: Central Bank of Kenya

**CHART A: STRUCTURE OF INTEREST RATES**

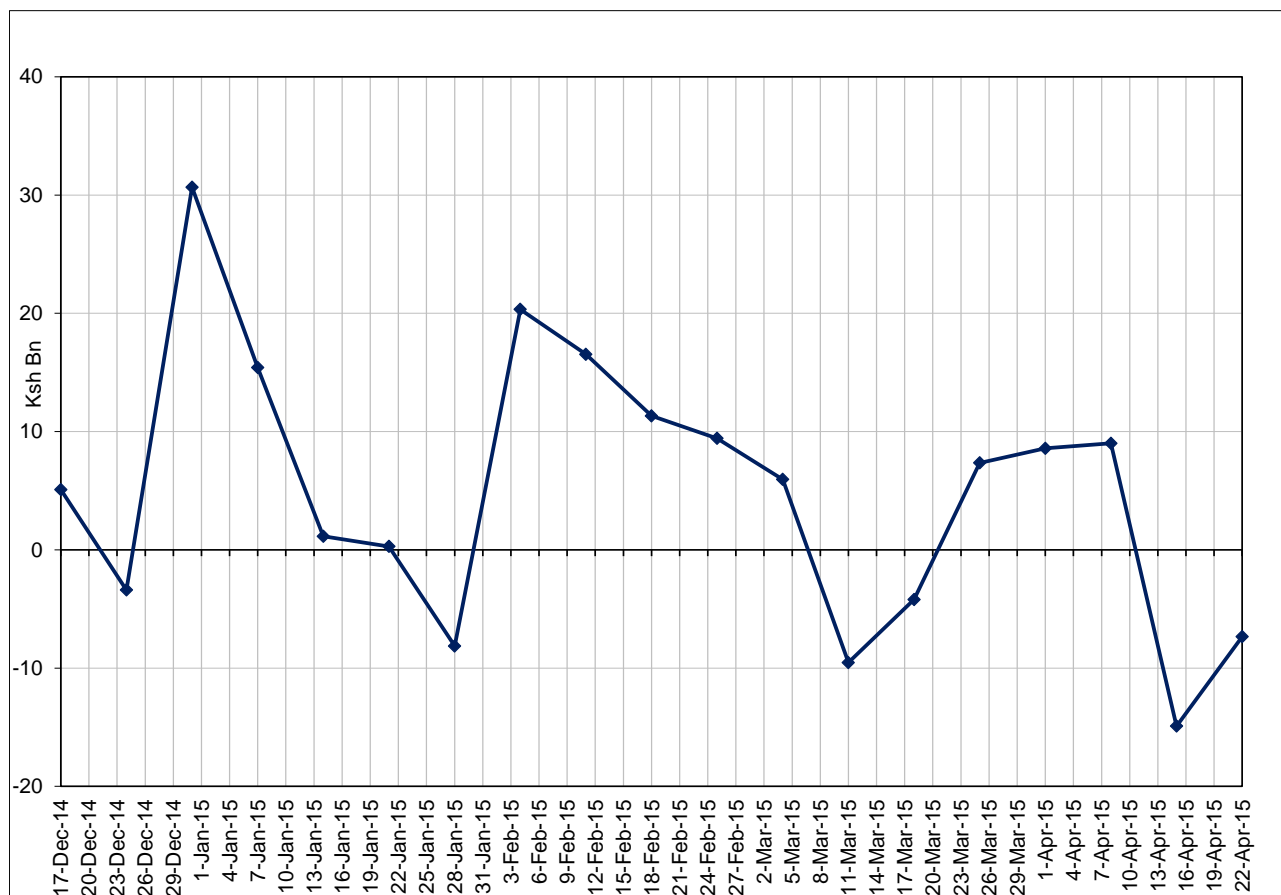


Source: Central Bank of Kenya

### Commercial Banks Clearing Account Balance

Commercial banks' clearing account balance in the week ending April 22, 2015 was Ksh 7.34 billion below the minimum cash reserve requirement of 5.25 percent (Ksh 122.4 billion). This deficit was however, close to a half of the Ksh 14.9 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 weakened against major international currencies during the week ending April 23, 2015. It weakened by 0.49 percent against the US Dollar, 2.17 percent against the Pound Sterling, 1.61 percent against the Euro and 1.03 percent against the Japanese Yen. In the EAC region, the Kenya Shilling exchange rate portrayed mixed performance against EAC currencies. It strengthened against the Tanzania Shilling but weakened against the Uganda Shilling as well as the Rwanda and Burundi Francs (**Table 3**).

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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>
17-Apr-15	93.48	139.57	100.56	78.52	32.07	20.27	7.37	16.80
20-Apr-15	93.48	139.94	100.88	78.85	32.07	20.27	7.37	16.77
21-Apr-15	93.78	139.60	100.54	78.46	32.02	20.37	7.34	16.74
22-Apr-15	93.72	139.95	100.59	78.37	32.10	20.43	7.35	16.66
23-Apr-15	93.79	141.00	100.48	78.27	32.01	20.42	7.35	16.63
<b>17-23 Apr 2015</b>	<b>93.65</b>	<b>140.01</b>	<b>100.61</b>	<b>78.49</b>	<b>32.05</b>	<b>20.35</b>	<b>7.36</b>	<b>16.72</b>

*Source: Central Bank of Kenya*

### The Nairobi Securities Exchange (NSE)

The NSE recorded mixed performance in the week ending April 23, 2015 with stability in most equity market indicators and a decline in the bonds market segment.

#### Equities Market

The NSE 20 Share Index maintained a downward trend for the ninth consecutive week, shedding off 1.02 percent in the week to April 23, 2015. But the overall index, NASI gained 1 basis point reflecting price stability on average. The shareholders' wealth, measured by market capitalization moved little, gaining Ksh 0.26 billion compared to the previous week. Equity turnover was 5.35 percent higher on account of increased supply of shares (**Table 4**).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15	23-Apr-15	Wkly Change
NASI 100= 2008	172.42	173.50	173.73	175.22	170.46	171.57	171.58	0.01%
NSE 20 Share Index 100= 1996	5,347.54	5,346.56	5,252.74	5,140.53	5,128.03	5,078.74	5,026.94	-1.02%
Number of Deals	10,437	10,121	9,910	7,508	5,394	8,768	9,154	4.40%
Total Shares Traded (in Millions)	137.22	125.39	128.61	118.78	105.79	95.52	94.81	-0.74%
Equity Turnover (Ksh. Millions)	4,371.61	4,172.41	3,780.13	3,974.73	2,367.99	3,062.52	3,226.26	5.35%
Market Capitalization (Ksh. Bn.)	2,407.22	2,422.38	2,425.61	2,446.38	2,379.82	2,399.38	2,399.64	0.01%
Bonds Turnover (Ksh. Millions)	15,701.90	6,521.80	4,240.30	8,478.63	7,117.25	6,924.80	5,884.85	-15.02%
FTSE NSE Kenya 15 Index	226.07	227.58	227.70	231.27	226.39	228.77	229.31	0.24%
FTSE NSE Kenya 25 Index	226.56	228.26	228.18	231.52	226.79	228.84	229.40	0.24%
FTSE NSE Bond Index	93.37	93.34	93.28	92.39	92.42	92.21	92.43	0.24%

*Source: Nairobi Securities Exchange*

## FTSE NSE Kenya Price Index Series and Most Active Sectors

FTSE NSE Kenya 15 Index and FTSE NSE Kenya 25 Index which measure stocks performance of 15 largest companies by market capitalization and 25 most liquid stocks at the NSE respectively, both closed the week 0.24 percent higher as compared to the previous week, The FTSE Government Bond Index rose by 0.24 percent, reflecting slight fall in bond market yields.

Telecommunication & Technology, Banking, and Insurance sectors were top three most active sectors, representing 38.11 percent, 33.08 percent and 9.69 percent of the total shares traded, respectively. Automobiles & Accessories sector was the least active with 120,300 shares traded.

## The Bond Market

The bond's turnover declined by 15.02 percent to Ksh 5,884.85 million from Ksh 6,924.80 million in the previous week. Corresponding number of deals declined to 163 from 172 in the previous week.

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

<b>91-Day Treasury Bills</b>								
Date of Auction	5-Mar-15	12-Mar-15	19-Mar-15	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15	23-Apr-15
Amount offered (Ksh M)	1,000.0	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)	1,921.1	2,811.6	589.5	1,124.2	711.8	2,395.0	1,467.1	1,041.1
Amount Accepted (Ksh M)	1,921.1	2,409.7	588.9	1,124.2	711.8	2,394.5	1,467.2	1,041.1
Maturities (Ksh M)	1,481.5	2,010.7	1,653.9	782.9	3,492.9	1,346.3	2,898.6	893.5
Average interest Rate (%)	8.463	8.453	8.453	8.438	8.454	8.422	8.408	8.406
<b>182-Day Treasury Bills</b>								
Date of Auction	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15	15-Apr-15	22-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)	4,503.6	7,596.5	3,778.5	5,553.2	6,227.8	5,115.1	5,362.9	5,048.7
Amount Accepted (Ksh M)	4,503.6	5,544.3	3,463.7	4,497.9	3,660.3	4,611.2	4,754.2	5,001.2
Maturities (Ksh M)	321.7	436.6	417.5	1,475.7	2,558.2	2,300.6	2,626.3	715.8
Average interest Rate (%)	10.375	10.356	10.326	10.300	10.271	10.248	10.252	10.272
<b>364-Day Treasury Bills</b>								
Date of Auction	4-Mar-15	11-Mar-15	18-Mar-15	25-Mar-15	1-Apr-15	8-Apr-15	15-Apr-15	22-Apr-15
Amount offered (Ksh M)	4,000.0	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)	20,656.6	9,053.7	5,956.6	4,929.8	7,191.0	7,113.0	3,818.8	1,509.2
Amount Accepted (Ksh M)	7,461.4	5,366.3	5,053.0	4,161.7	5,837.4	4,855.1	3,769.1	1,455.0
Maturities (Ksh M)	4,130.0	8,118.8	3,028.1	3,893.1	1,636.2	5,608.4	7,293.1	6,455.4
Average interest Rate (%)	10.768	10.636	10.596	10.553	10.543	10.564	10.576	10.595
<b>Treasury Bonds</b>								
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	17th 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	349.27
(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	25.71
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	1009.17
(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	74.29
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	1,358.44
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	18.31
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	29.93
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	1,406.68

\* 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	17-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	24.8
Treasury bonds	73.2	73.2	73.3	72.3	71.8	72.6	72.0	72.5	70.6	70.1	70.5	71.7
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	1.3
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	2.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</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**

**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	17-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	56.0
Insurance Companies	9.8	9.7	9.7	9.6	9.5	9.3	9.3	9.3	9.0	9.0	8.9	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	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	24.9
Other investors	9.5	9.4	9.4	9.0	9.1	9.0	8.8	9.1	8.9	7.2	7.2	7.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</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**

**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	23-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	6,880
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	4.41

\*Excludes Encumbered Reserves

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

**Source: Central Bank of Kenya**