



APRIL 30, 2015

Highlights

The money market was relatively liquid during the week ending April 29, 2015, largely on account of government payments and OMO maturities. The average interbank rate increased to 9.95 percent in the week ending April 29, 2015 from 8.70 percent in the previous week.

Capital markets recorded mixed performance in the week ending April 29, 2015.

Monetary Policy Operations

*The money market was relatively liquid during the week ending April 29, 2015, largely on account of government payments and OMO maturities (**Table 1**). Reserve money averaged KSh 351.8 billion during the week ending April 29, 2015 and was KSh 9.0 billion above target.*

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

	23-Apr-15	24-Apr-15	27-Apr-15	28-Apr-15	29-Apr-15	Total
Liquidity Flows						
Total liquidity injection	11.3	28.0	16.1	8.6	2.7	66.6
Repos Maturities	2.2	0.0	0.0	0.0	0.0	2.2
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Overnight loans to banks	0.0	9.0	0.3	0.0	0.0	9.3
Term Auction Deposit maturities	2.0	0.0	0.0	1.5	0.2	3.7
T/bills redemptions	0.0	0.0	7.4	0.0	0.0	7.4
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	7.1	19.0	1.8	7.1	2.5	37.5
Total liquidity reduction	12.4	2.7	18.8	4.2	9.2	47.3
T/bills (Primary issues)	0.0	0.0	7.5	0.0	0.0	7.5
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	0.0	0.0	0.0	0.5	0.0	0.5
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	0.0	0.0	0.0	0.5	0.0	0.5
Overnight borrowings repayments	1.3	0.0	9.0	0.3	0.0	10.6
Transfer from Banks - Taxes	2.6	2.7	2.3	2.8	3.3	13.7
Net liquidity injection (+)/Withdrawal (-)	-1.1	25.2	-2.8	4.5	-6.5	19.3
Open Market Operations Outcome						
Posted Amount	0.0	0.0	13.0	9.0	12.0	34.0
Realised Amount	0.0	0.0	0.0	1.0	0.0	1.0
Repo (-)	0.0	0.0	0.0	0.5	0.0	0.5
Term Auction Deposits (-)	0.0	0.0	0.0	0.5	0.0	0.5
Reverse Repo (+)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						Average
Reserve money (actual)	332.3	357.8	355.6	359.7	353.5	351.8
Reserve money target	343.6	343.6	342.2	342.2	342.2	342.8
Deviation from target	-11.2	14.2	13.3	17.5	11.3	9.0
Commercial banks excess reserves Exc(+)/ Short(-)	-9.9	15.3	13.2	17.4	10.7	9.3
Cash outside bank Exc(+)/ Short(-)	-1.3	-1.0	0.1	0.1	0.6	-0.3

Source: Central Bank of Kenya

Short-Term Rates

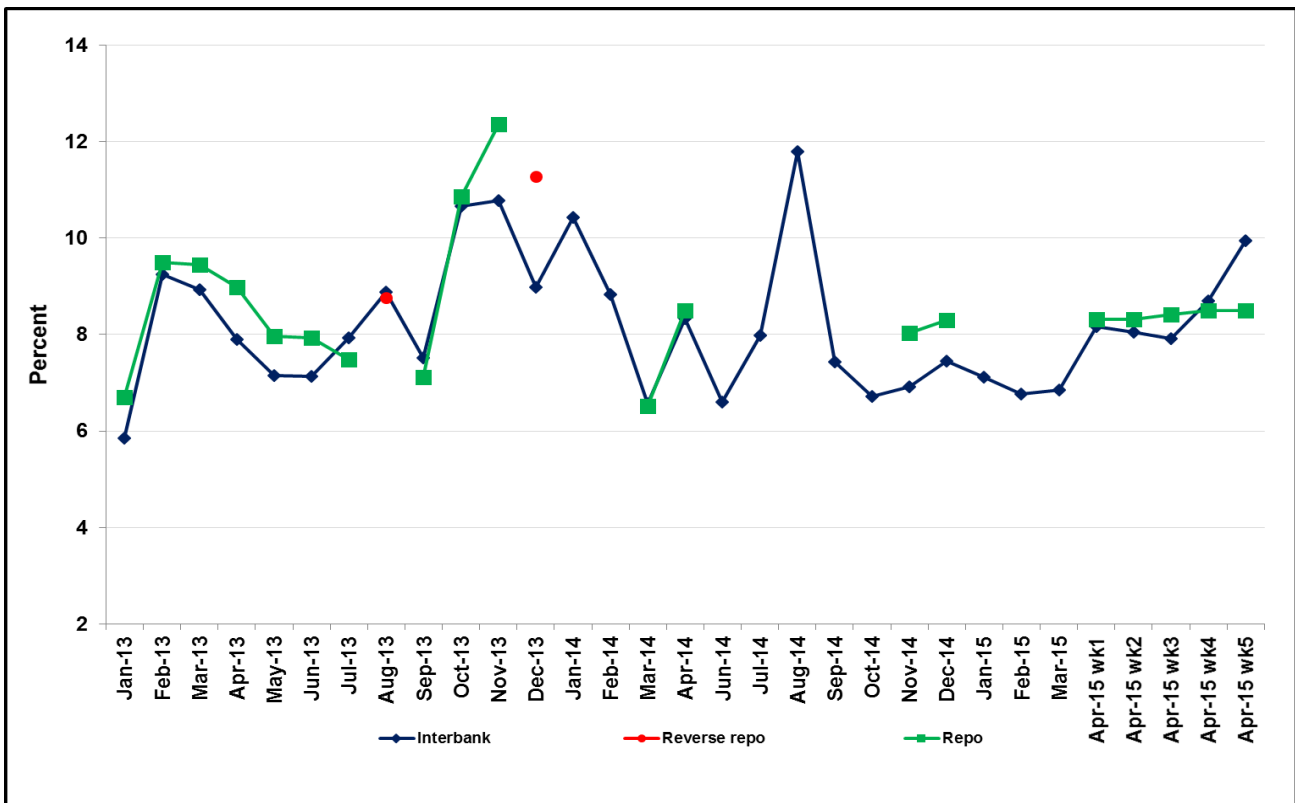
The average interbank rate increased to 9.95 percent in the week ending April 29, 2015 from 8.70 percent in the previous week. The volume transacted increased, with value at Ksh 22.17 billion from Ksh 16.55 billion and the number of deals at 68 from 60 (Table 2 and Chart A). Meanwhile, the repo rate stabilized at 8.5 percent level 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 (%)
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	
April 16, 2015 - April 22, 2015	60	16,547	8.70	8.50
23-Apr-15	63	15,279	9.32	
24-Apr-15	64	18,163	9.91	
27-Apr-15	66	27,075	10.07	
28-Apr-15	76	28,238	10.17	8.50
29-Apr-15	72	22,080	10.26	
April 23, 2015 - April 29, 2015	68	22,167	9.95	8.50

Source: Central Bank of Kenya

CHART A: STRUCTURE OF INTEREST RATES

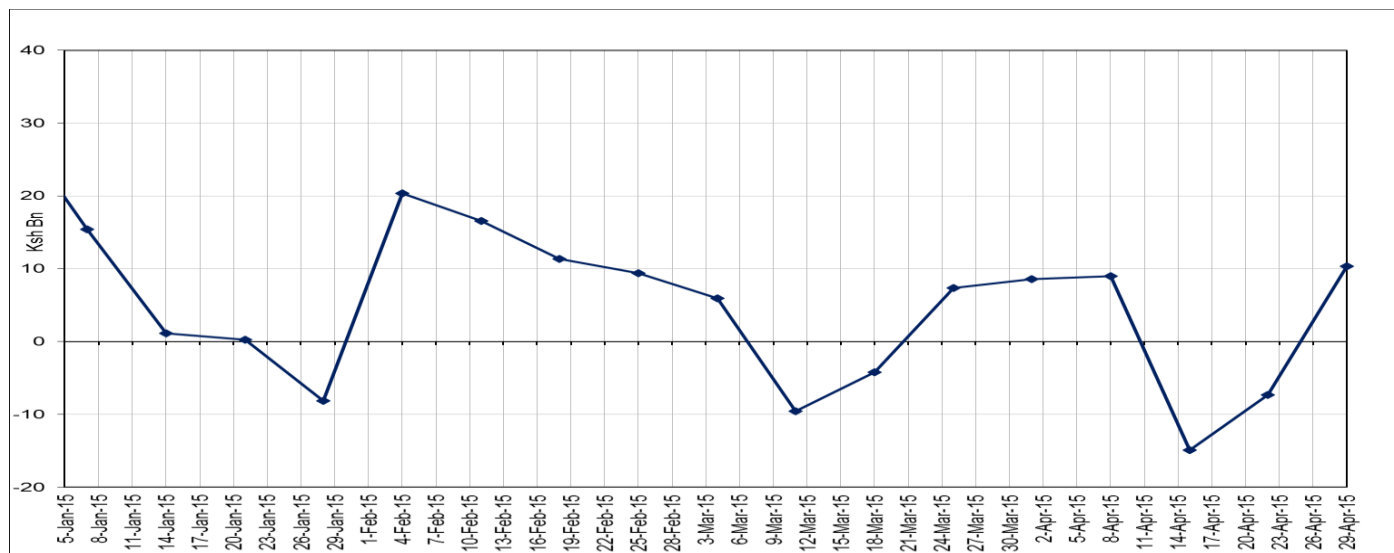


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' clearing account balance in the week ending April 29, 2015 had a surplus of Ksh 10.33 billion above the cash reserve requirement of 5.25 percent (Ksh 122.4 billion) compared with a deficit of Ksh 7.34 billion recorded in the previous week (**Chart B**). The surplus is attributed to Government payments and OMO maturities.

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 in the week ending April 30, 2015. During the week, the Shilling weakened by 0.71 percent, 2.70 percent, 2.40 percent and 0.98 percent against the US Dollar, the Sterling Pound, the Euro and the Japanese Yen, respectively. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling and weakened against the Uganda Shilling, the Rwanda Franc and the Burundi Franc (Table 3).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
17-23 Apr 2015	93.65	140.01	100.61	78.49	32.05	20.35	7.36	16.72
24-Apr-15	94.05	141.56	101.58	78.67	31.91	20.34	7.33	16.59
27-Apr-15	94.22	143.02	102.46	79.19	31.89	20.64	7.31	16.56
28-Apr-15	94.30	143.78	102.69	79.21	31.81	20.84	7.31	16.54
29-Apr-15	94.41	144.80	103.54	79.44	31.80	21.02	7.30	16.53
30-Apr-15	94.60	145.82	104.87	79.80	31.55	20.98	7.27	16.46
24-30 Apr 2015	94.32	143.80	103.03	79.26	31.79	20.76	7.30	16.54

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Nairobi Securities Exchange (NSE)

The NSE recorded mixed performance in the week ending April 29, 2015.

Equities Market

Average share prices, as reflected in the NSE 20 Share Index and NASI increased in the week to April 29, 2015, while volumes traded (as reflected in number of deals and total shares traded) declined relative to the previous week. Equity turnover declined by 18 percent on account of the fall in shares trading. Reflecting the marginal rise in average share price, equity market capitalisation increased by 0.5 percent during the week under review (Table 4).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	2-Apr-15	9-Apr-15	16-Apr-15	23-Apr-15	29-Apr-15	Wkly Change
NASI 100= 2008	175.22	170.46	171.57	171.58	172.35	0.45%
NSE 20 Share Index 100= 1996	5,140.53	5,128.03	5,078.74	5,026.94	5,061.11	0.68%
Number of Deals	7,508	5,394	8,768	9,154	7,250	-20.80%
Total Shares Traded	118.78	105.79	95.52	94.81	86.54	-8.72%
Equity Turnover (Ksh. Millions)	3,974.73	2,367.99	3,062.52	3,226.26	2,644.95	-18.02%
Market Capitalization (Ksh. Bn.)	2,446.38	2,379.82	2,399.38	2,399.64	2,410.98	0.47%
Bonds Turnover (Ksh. Millions)	8,478.63	7,117.25	6,924.80	5,884.85	3,493.55	-40.63%
FTSE NSE Kenya 15 Index	231.27	226.39	228.77	229.31	228.41	-0.39%
FTSE NSE Kenya 25 Index	231.52	226.79	228.84	229.40	228.57	-0.36%
FTSE NSE Bond Index	92.39	92.42	92.21	92.43	92.75	0.35%

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series and Most Active Sectors

FTSE NSE Kenya 15 Index and FTSE NSE Kenya 25 which measure stocks performance of 15 largest companies by market capitalization and 25 most liquid stocks at the NSE respectively, closed the week 0.39 percent and 0.36 percent down compared to the previous week. However, the FTSE Government Bond Index was 0.35 percent up, reflecting a decrease in secondary market yields.

Telecommunication and Technology, Banking and Insurance sectors were the top three most active sectors, representing 50.74 percent, 20.08 percent and 10.92 percent of total shares traded, respectively. Agricultural sector was the least active with 70,500 shares traded in the week.

The Bond Market

The bond's turnover decreased by 40.63 percent to Ksh 3,493.55 million from Ksh 5,884.85 million in the previous week. The decline reflect the lower supply in secondary trades as the number of deals fell to 75 from 163 in the previous week. The decline is partly attributed to a shorter trading week.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills					
Date of Auction	2-Apr-15	9-Apr-15	16-Apr-15	23-Apr-15	30-Apr-15
Amount offered (Ksh M)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Bids received (Ksh M)	711.8	2,395.0	1,467.1	1,041.1	1,041.1
Amount Accepted (Ksh M)	711.8	2,394.5	1,467.2	1,041.1	1,041.1
Maturities (Ksh M)	3,492.9	1,346.3	2,898.6	893.5	893.5
Average interest Rate (%)	8.454	8.422	8.408	8.406	8.406
182-Day Treasury Bills					
Date of Auction	1-Apr-15	8-Apr-15	15-Apr-15	22-Apr-15	29-Apr-15
Amount offered (Ksh M)	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Bids received (Ksh M)	6,227.8	5,115.1	5,362.9	5,048.7	634.0
Amount Accepted (Ksh M)	3,660.3	4,611.2	4,754.2	5,001.2	634.0
Maturities (Ksh M)	2,558.2	2,300.6	2,626.3	715.8	779.3
Average interest Rate (%)	10.271	10.248	10.252	10.272	10.268
364-Day Treasury Bills					
Date of Auction	1-Apr-15	8-Apr-15	15-Apr-15	22-Apr-15	29-Apr-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	7,191.0	7,113.0	3,818.8	1,509.2	1,265.4
Amount Accepted (Ksh M)	5,837.4	4,855.1	3,769.1	1,455.0	1,265.4
Maturities (Ksh M)	1,636.2	5,608.4	7,293.1	6,455.4	2,635.1
Average interest Rate (%)	10.543	10.564	10.576	10.595	10.605
Treasury Bonds					
Date of Auction					
Tenor		12 yr IFB			
Amount offered (Ksh M)		50,000.0			
Bids received (Ksh M)		24,020.1			
Amount Accepted (Ksh M)		24,020.1			
Maturities (Ksh M)		0.0			
Average interest Rate (%)		11.6			

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	2nd April 2015	10th April 2015	17th April 2015	24th April 2015
1. Treasury Bills (Excluding Repos)	342.22	345.53	349.27	347.11
(As % of total securities)	26.26	25.92	25.71	25.59
2. Treasury Bonds	961.04	987.49	1009.17	1009.17
(As % of total securities)	73.74	74.08	74.29	74.41
3. Total Securities (1+2)	1,303.25	1,333.03	1,358.44	1,356.28
4. Overdraft at Central Bank	37.40	37.40	18.31	22.62
5. Other Domestic debt*	56.46	29.95	29.93	29.94
6. Gross Domestic Debt (3+4+5)	1,397.11	1,400.37	1,406.68	1,408.84

* 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

	2-Apr-15	10-Apr-15	17-Apr-15	24-Apr-15
Treasury bills (Excluding Repos)	25.0	24.7	24.8	24.6
Treasury bonds	70.1	70.5	71.7	71.6
CBK Overdraft to Govt	2.7	2.7	1.3	1.6
Other domestic debt	2.2	2.1	2.1	2.1
TOTAL	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER

	2-Apr-15	10-Apr-15	17-Apr-15	24-Apr-15
Banking Institutions	56.0	56.2	56.0	56.3
Insurance Companies	9.0	8.9	8.9	8.9
Parastatals	3.0	3.1	3.1	3.1
Pension funds	24.7	24.6	24.9	24.7
Other investors	7.2	7.2	7.0	7.0
Total	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	26-Mar-15	2-Apr-15	9-Apr-15	16-Apr-15	23-Apr-15	30-Apr-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	7,152	7,071	6,995	6,937	6,880	6,855
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.58	4.53	4.48	4.45	4.41	4.39

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya