



AUGUST 21, 2015

Highlights

The money market was liquid during the week ending August 19, 2015, buoyed by government securities redemptions and OMO maturities. The average interbank rate declined to 19.4 percent in the week ending August 19, 2015 from 23.1 percent in the previous week.

Overall capital markets recorded mixed performance in the week ending August 20, 2015 as reflected in the leading market indicators

Monetary Policy Operations

The money market was liquid during the week ending August 19, 2015, buoyed by government securities redemptions and OMO maturities (Table 1). Reserve money averaged Ksh 380.2 billion during the week ending August 19, 2015 and was Ksh 23.6 billion above target.

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

	13-Aug-15	14-Aug-15	17-Aug-15	18-Aug-15	19-Aug-15	Total
Liquidity Flows						
Total liquidity injection	1.8	5.8	20.4	6.0	1.2	35.2
Repos Maturities	0.0	3.0	0.0	5.0	0.0	8.0
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit maturities	0.4	0.5	5.0	0.0	0.0	5.9
T/bills redemptions	0.0	0.0	11.6	0.0	0.0	11.6
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	1.7	0.0	0.0	1.7
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	1.4	2.3	2.2	1.0	1.2	8.1
Total liquidity reduction	3.0	9.6	13.7	6.7	8.5	41.5
T/bills (Primary issues)	0.0	0.0	8.1	0.0	0.0	8.1
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	0.0	1.0	1.0
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	0.0	8.0	5.0	5.0	5.0	23.0
Transfer from Banks -Taxes	3.0	1.5	0.6	1.6	2.5	9.2
Net liquidity injection (+)/Withdrawal (-)	-1.2	-3.8	6.7	-0.7	-7.3	-6.2
Open Market Operations Outcome						
Posted Amount	17.0	21.0	25.0	26.0	16.0	105.0
Realised Amount	0.0	8.0	5.0	5.0	6.0	24.0
Repo (-)	0.0	0.0	0.0	0.0	1.0	1.0
Term Auction Deposits (-)	0.0	8.0	5.0	5.0	5.0	23.0
Reverse Repo (+)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	383.2	377.8	385.3	380.9	373.6	380.2
Reserve money target	355.3	355.3	357.4	357.4	357.4	356.5
Deviation from target	27.9	22.6	28.0	23.5	16.2	23.6
Commercial banks excess reserves Exc(+)/ Short(-)	19.6	15.3	25.1	21.3	14.9	19.3
Cash outside bank Exc(+)/ Short(-)	8.3	7.2	2.8	2.2	1.3	4.4

Source: Central Bank of Kenya

Interbank Rates

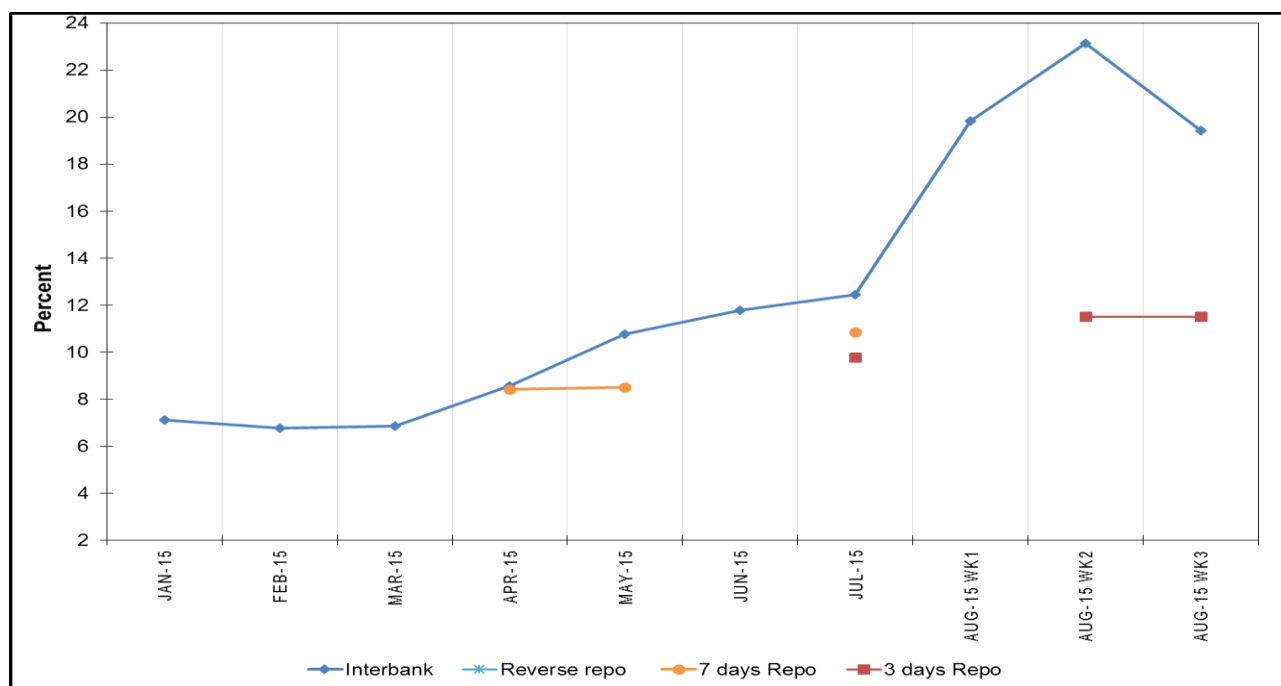
The average interbank rate declined to 19.4 percent in the week ending August 19, 2015 from 23.1 percent in the previous week. The volume transacted declined to Ksh 25.8 billion from Ksh 30.0 billion traded in the previous week while the number of deals declined to 55 deals from 67 deals. During the week, the 3 day repo traded at an average rate of 11.5 percent (Table 2 and Chart A).

TABLE 2: OPEN MARKET OPERATIONS (KSH BILLION)

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	3 days Average Repo Rate (%)
6-Aug-15	66	29,904	22.18	11.50
7-Aug-15	76	32,832	22.94	
10-Aug-15	63	31,604	23.03	
11-Aug-15	65	27,948	23.58	11.50
12-Aug-15	63	27,500	23.93	
August 6,2015- August 12,2015	67	29,957	23.13	11.50
13-Aug-15	51	24,428	24.04	
14-Aug-15	54	23,186	20.91	
17-Aug-15	54	23,510	18.93	
18-Aug-15	59	29,303	17.32	
19-Aug-15	57	28,680	15.97	11.50
August 13,2015- August 19,2015	55	25,821	19.43	11.50

Source: Central Bank of Kenya

CHART A: STRUCTURE OF INTEREST RATES

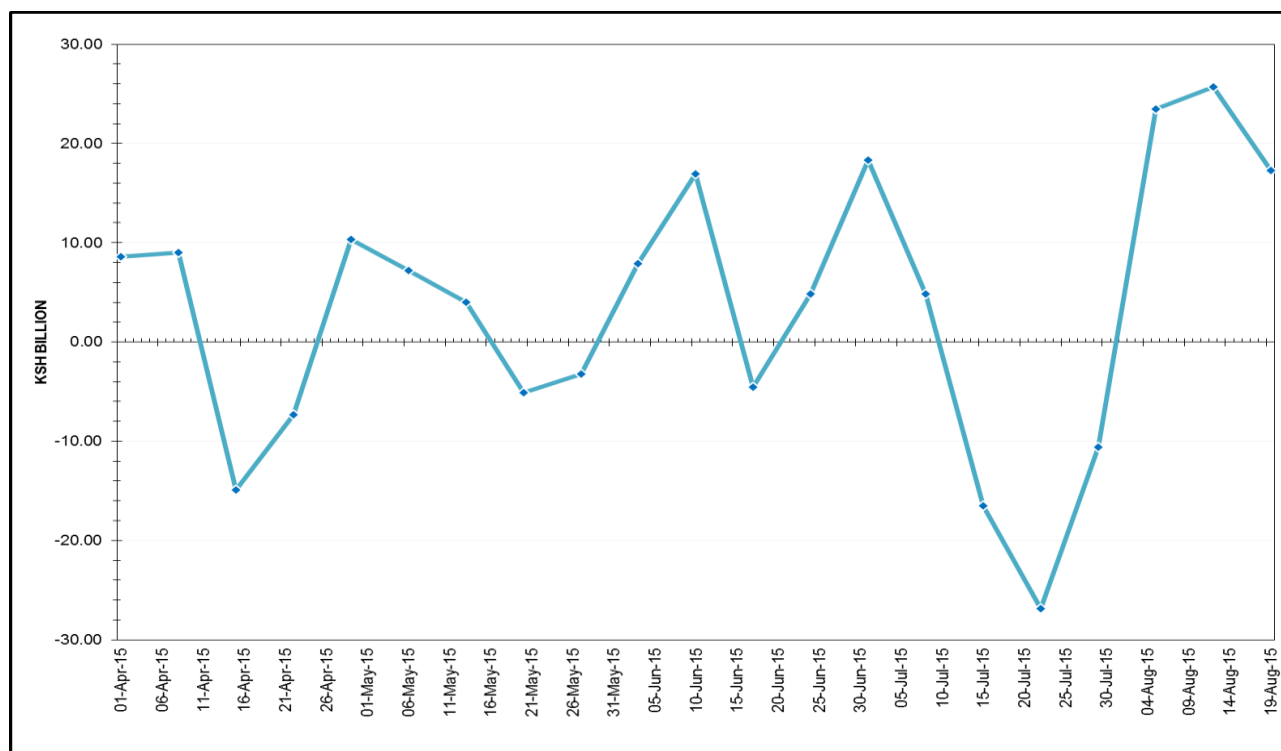


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' clearing account in the week ending August 19, 2015 declined to Ksh 17.3 billion in relation to the cash reserve requirement of 5.25 percent (Ksh 129.1 billion) from Ksh 25.7 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

During the week ending Aug 20, 2015, the Kenya Shilling exchange rate weakened against all major international currencies and displayed mixed performance against all EAC currencies. Against major international currencies, it weakened by 1.7 percent against the US Dollar, 2.2 percent against the Pound Sterling, 2.5 percent against the Euro and 2 percent against the Japanese Yen. In the EAC region, the Shilling strengthened against the Rwanda Franc but weakened against the Uganda and Tanzania Shillings as well as the Burundi Franc (Table 3).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
7-Aug-15	101.20	157.04	110.48	81.08	34.78	20.80	6.83	15.24
10-Aug-15	101.11	156.58	110.90	81.29	34.91	20.80	6.84	15.34
11-Aug-15	101.13	157.45	110.93	81.05	35.05	20.81	7.19	15.27
12-Aug-15	100.92	157.16	111.75	80.70	35.13	20.86	6.85	15.33
13-Aug-15	101.15	157.94	112.62	81.29	35.05	20.96	6.81	15.18
7 Aug-13 Aug	101.10	157.24	111.33	81.08	34.98	20.85	6.90	15.27
14-Aug-15	102.25	159.60	113.99	82.20	34.77	20.83	7.12	15.15
17-Aug-15	102.29	160.12	113.52	82.22	34.61	20.77	7.12	15.14
18-Aug-15	102.90	160.11	113.77	82.67	34.45	20.51	7.07	15.04
19-Aug-15	103.16	161.67	114.01	82.98	34.41	20.55	7.06	14.96
20-Aug-15	103.53	162.33	115.20	83.50	34.44	20.54	7.03	14.96
14-20 Aug	102.83	160.77	114.10	82.72	34.53	20.64	7.08	15.05

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Nairobi Securities Exchange

The Nairobi Securities Exchange recorded mixed performance both in the equities and the bonds market segments. In the equities market segment, the NASI, NSE 20 Share Index and market capitalisation fell, while other leading indicators recorded improvements in the week ending August 20, 2015. Bond turnover increased, while the FTSE NSE Bond Index declined in the week under review.

Equities Market

The NASI and NSE 20 Share Index lost 1.93 percent and 1.46 percent, respectively, in the week ending August 20, 2015. Equity Turnover recorded a 112.87 percent rise on account of an increase of 83.58 percent in share supply during the week. The increased in share supply depressed the overall share prices with a corresponding drop in market capitalisation of 1.78 percent or Ksh.38.31 billion in the week under review (Table 4).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	2-Jul-15	9-Jul-15	16-Jul-15	23-Jul-15	30-Jul-15	6-Aug-15	13-Aug-15	20-Aug-15	Wkly Change
NASI 100= 2008	162.35	159.59	156.59	154.25	150.95	146.43	153.38	150.42	-1.93%
NSE 20 Share Index 100= 1996	4,839.60	4,754.66	4,676.16	4,539.47	4,487.38	4,350.70	4,495.52	4,429.87	-1.46%
Number of Deals	8,210.00	7,495.00	6,961.00	7,489.00	6,797.00	7,751.00	7,517.00	7,838.00	4.27%
Total Shares Traded	261.36	197.32	189.10	123.65	98.96	286.63	100.59	184.66	83.58%
Equity Turnover (Ksh. Millions)	11,818.32	6,353.87	6,308.76	3,236.69	2,280.28	6,930.15	2,806.07	5,973.23	112.87%
Market Capitalization (Ksh. Bn.)	2,273.05	2,234.27	2,192.82	2,160.06	2,113.79	2,050.22	2,147.80	2,109.49	-1.78%
Bonds Turnover (Ksh. Millions)	3,596.31	2,441.70	732.20	1,504.51	4,088.10	9,773.41	2,396.45	4,294.75	79.21%
FTSE NSE Kenya 15 Index	212.83	209.19	208.88	205.23	197.85	190.31	199.07	193.90	-2.60%
FTSE NSE Kenya 25 Index	211.83	208.10	207.97	204.71	197.39	188.92	198.08	192.97	-2.58%
FTSE NSE Bond Index	91.79	91.80	91.79	91.80	91.68	91.58	91.33	91.17	-0.18%

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series and Most Active Sectors

FTSE NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure stock performance of 15 largest companies by market capitalization and 25 most liquid stocks at the NSE, closed the week 2.6 percent and 2.58 percent lower as compared to the previous week. The FTSE Government Bond Index recorded a decline of 0.18 percent, reflecting a marginal increase in secondary market yields.

The Banking sector showed the highest activity at 56.16 percent of total shares traded during the week under review. The Commercial and Services sector and the Telecommunication and Technology sector followed with 13.70 percent and 11.51 percent of total shares traded, respectively. The Automobile and Accessories sector was the least active with 105,500 shares traded.

The Bond Market

The bond's turnover increased by 79.21 percent to Ksh.4, 294.75 million from Ksh.2, 396.45 million in the week ending August 20, 2015. This rise may be attributed to the 52.0 percent increase in the number of deals from 50 to 76 for the week under review.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills							
Date of Auction	9-Jul-15	16-Jul-15	23-Jul-15	30-Jul-15	6-Aug-15	13-Aug-15	20-Aug-15
Amount offered (Ksh M)	2,000.0	2,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Bids received (Ksh M)	1,187.6	4,006.3	1,726.4	1,364.0	2,142.5	2,193.2	1,824.5
Amount Accepted (Ksh M)	1,184.2	3,351.5	1,243.4	871.2	688.9	1,706.9	1,822.4
Maturities (Ksh M)	2,443.9	1,497.5	1,062.9	366.7	1,526.5	593.0	2,713.0
Average interest Rate (%)	11.3	11.3	11.5	11.5	11.6	11.5	15.6
182-Day Treasury Bills							
Date of Auction	8-Jul-15	15-Jul-15	22-Jul-15	29-Jul-15	5-Aug-15	12-Aug-15	19-Aug-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
Bids received (Ksh M)	1,218.4	2,158.8	1,063.1	864.7	721.1	2,524.3	718.4
Amount Accepted (Ksh M)	750.1	2,099.4	600.0	402.7	212.6	2,512.9	254.3
Maturities (Ksh M)	4,302.4	4,132.5	3,432.7	1,528.4	4,402.8	4,254.1	955.2
Average interest Rate (%)	12.1	12.2	12.4	11.9	11.8	11.9	12.3
364-Day Treasury Bills							
Date of Auction	8-Jul-15	15-Jul-15	22-Jul-15	29-Jul-15	5-Aug-15	12-Aug-15	19-Aug-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
Bids received (Ksh M)	322.3	757.3	769.7	2,146.7	6,955.3	4,056.8	2,088.6
Amount Accepted (Ksh M)	322.3	757.3	342.1	1,719.2	5,132.7	3,851.4	1,659.2
Maturities (Ksh M)	2,312.1	3,656.3	4,088.1	1,149.0	5,522.3	7,656.9	956.7
Average interest Rate (%)	11.1	12.5	13.0	13.5	13.1	13.0	
Treasury Bonds							
Date of Auction							
Tenor							FXD 2/2015/2
Amount offered (Ksh M)							20,000.0
Bids received (Ksh M)							19,408.7
Amount Accepted (Ksh M)							11,184.6
Maturities (Ksh M)							17,927.4
Average interest Rate (%)							14.8

Source: Central Bank of Kenya

CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	5th June 2015	12th June 2015	19th June 2015	26th June 2015	3rd July 2015	10th July 2015	17th July 2015	24th July 2015	31st July 2015	7th August 2015	14th August 2015
1. Treasury Bills (Excluding Repos)	324.72	323.29	320.23	318.80	318.82	314.64	308.05	305.26	298.86	299.05	294.33
(As % of total securities)	24.10	24.01	23.84	23.76	23.54	23.30	22.91	22.76	22.19	22.20	21.92
2. Treasury Bonds	1022.95	1022.95	1022.95	1022.95	1035.71	1035.71	1036.71	1035.71	1048.17	1048.17	1048.17
(As % of total securities)	75.90	75.99	76.16	76.24	76.46	76.70	77.09	77.24	77.81	77.80	78.08
3. Total Securities (1+2)	1,347.67	1,346.24	1,343.18	1,341.75	1,354.53	1,350.35	1,344.76	1,340.96	1,347.03	1,347.22	1,342.50
4. Overdraft at Central Bank	31.81	31.14	34.86	36.38	34.98	39.30	37.73	32.12	41.68	30.37	35.88
5. Other Domestic debt*	29.54	29.61	29.60	29.62	29.04	29.05	28.27	29.27	29.27	29.27	29.85
6. Gross Domestic Debt (3+4+5)	1,409.03	1,406.99	1,407.64	1,407.75	1,418.55	1,418.69	1,410.76	1,402.35	1,417.99	1,406.85	1,408.23

* 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

	5-Jun-15	12-Jun-15	19-Jun-15	26-Jun-15	3-Jul-15	10-Jul-15	17-Jul-15	24-Jul-15	31-Jul-15	7-Aug-15	14-Aug-15
Treasury bills (Excluding Repos)	23.0	23.0	22.7	22.6	22.5	22.2	21.8	21.8	21.1	21.3	20.9
Treasury bonds	72.6	72.7	72.7	72.7	73.0	73.0	73.5	73.9	73.9	74.5	74.4
CBK Overdraft to Govt	2.3	2.2	2.5	2.6	2.5	2.8	2.7	2.3	2.9	2.2	2.5
Other domestic debt	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	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

	5-Jun-15	12-Jun-15	19-Jun-15	26-Jun-15	3-Jul-15	10-Jul-15	17-Jul-15	24-Jul-15	31-Jul-15	7-Aug-15	14-Aug-15
Banking Institutions	56.2	56.1	56.1	56.1	55.9	55.9	57.1	57.1	57.8	57.4	57.6
Insurance Companies	8.9	8.9	8.9	8.9	9.0	9.0	9.1	9.1	9.2	9.2	8.8
Parastatals	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.7	4.1
Pension funds	24.7	24.8	24.8	24.7	24.9	24.9	24.9	25.1	25.3	25.5	25.3
Other investors	6.9	6.9	6.8	6.8	6.8	6.8	5.5	5.2	4.2	4.2	4.2
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)

	11-Jun-15	18-Jun-15	25-Jun-15	2-Jul-15	9-Jul-15	16-Jul-15	23-Jul-15	30-Jul-15	6-Aug-15	13-Aug-15	20-Aug-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,735	6,788	6,720	6,658	6,623	6,545	6,448	6,434	6,400	6,390	6,386
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.26	4.29	4.25	4.21	4.19	4.14	4.08	4.07	4.06	4.05	4.05

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya