



AUGUST 28, 2015

Highlights

The money market was relatively liquid during the week ending August 26, 2015, boosted by government securities redemptions and OMO maturities. The average interbank rate declined to 15.2 percent in the week ending August 26, 2015 from 19.4 percent in the previous week.

The capital markets performance declined largely across all leading market indicators during the week ending August 27, 2015.

Monetary Policy Operations

The money market was relatively liquid during the week ending August 26, 2015, boosted by inflows through government securities redemptions and OMO maturities (**Table 1**). The CBK liquidity management mopped Ksh 27.8 billion through the Term Auction Deposit (TAD) out of the Ksh 72.0 billion offered in the interbank market. Reserve money averaged Ksh 366.9 billion during the week ending August 26, 2015 and was Ksh 8.2 billion above target.

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

	20-Aug-15	21-Aug-15	24-Aug-15	25-Aug-15	26-Aug-15	Total
Liquidity Flows						
Total liquidity injection	5.1	4.4	41.7	8.5	1.1	60.8
Repos Maturities	0.0	0.0	5.0	0.0	0.0	5.0
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit maturities	1.0	3.0	4.0	7.0	0.0	15.0
T/bills redemptions	0.0	0.0	4.6	0.0	0.0	4.6
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	17.9	0.0	0.0	17.9
T/bonds Interest	0.0	0.0	8.3	0.0	0.0	8.3
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	4.1	1.4	1.8	1.5	1.1	9.9
Total liquidity reduction	7.9	11.3	30.4	10.1	5.6	65.4
T/bills (Primary issues)	0.0	0.0	3.7	0.0	0.0	3.7
Tbonds Sales	0.0	0.0	11.2	0.0	0.0	11.2
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	0.0	0.0
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	0.0	7.0	7.0	9.0	4.8	27.8
Transfer from Banks -Taxes	7.9	4.3	8.4	1.1	0.8	22.5
Net liquidity injection (+)/Withdrawal (-)	-2.8	-6.9	11.3	-1.6	-4.5	-4.6
Open Market Operations Outcome						
Posted Amount	10.0	11.0	22.0	19.0	10.0	72.0
Realised Amount	0.0	7.0	7.0	9.0	4.8	27.8
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	7.0	7.0	9.0	4.8	27.8
Reverse Repo (+)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	370.1	359.8	371.4	369.5	363.5	366.9
Reserve money target	357.4	357.4	359.5	359.5	359.5	358.6
Deviation from target	12.7	2.4	11.9	10.0	4.0	8.2
Commercial banks excess reserves Exc(+)/ Short(-)	12.6	3.1	14.4	12.8	7.7	10.1
Cash outside bank Exc(+)/ Short(-)	0.1	-0.7	-2.6	-2.8	-3.7	-1.9

Source: Central Bank of Kenya

Interbank Rates

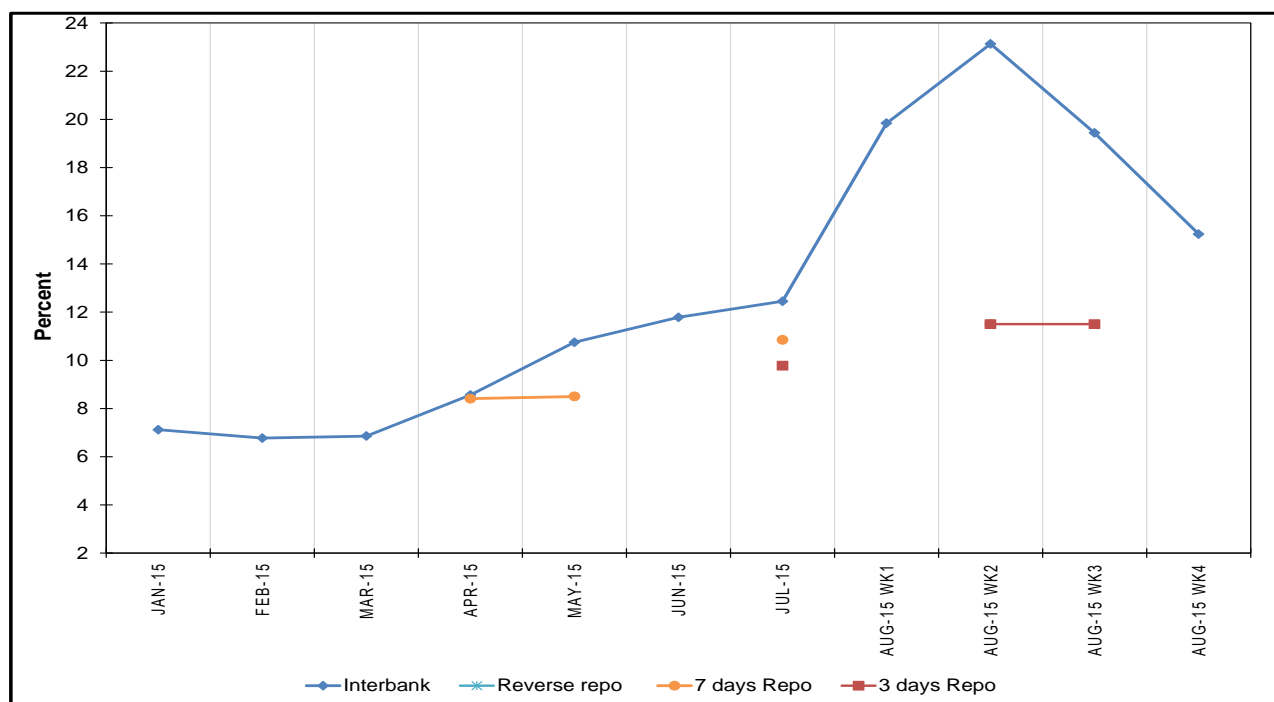
The average interbank rate declined to 15.2 percent in the week ending August 26, 2015 from 19.4 percent in the previous week. The volume transacted increased to Ksh 34.3 billion from Ksh 25.8 billion traded in the previous week while the number of deals also increased to 75 deals from 55 deals (**Table 2 and Chart A**).

TABLE 2: OPEN MARKET OPERATIONS (KSH BILLION)

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)
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
August 13,2015- August 19,2015	55	25,821	19.43
20-Aug-15	69	32,810	15.34
21-Aug-15	72	35,860	15.31
24-Aug-15	81	40,463	15.09
25-Aug-15	76	32,502	15.17
26-Aug-15	76	29,852	15.28
August 20,2015- August 26,2015	75	34,297	15.24

Source: Central Bank of Kenya

CHART A: STRUCTURE OF INTEREST RATES

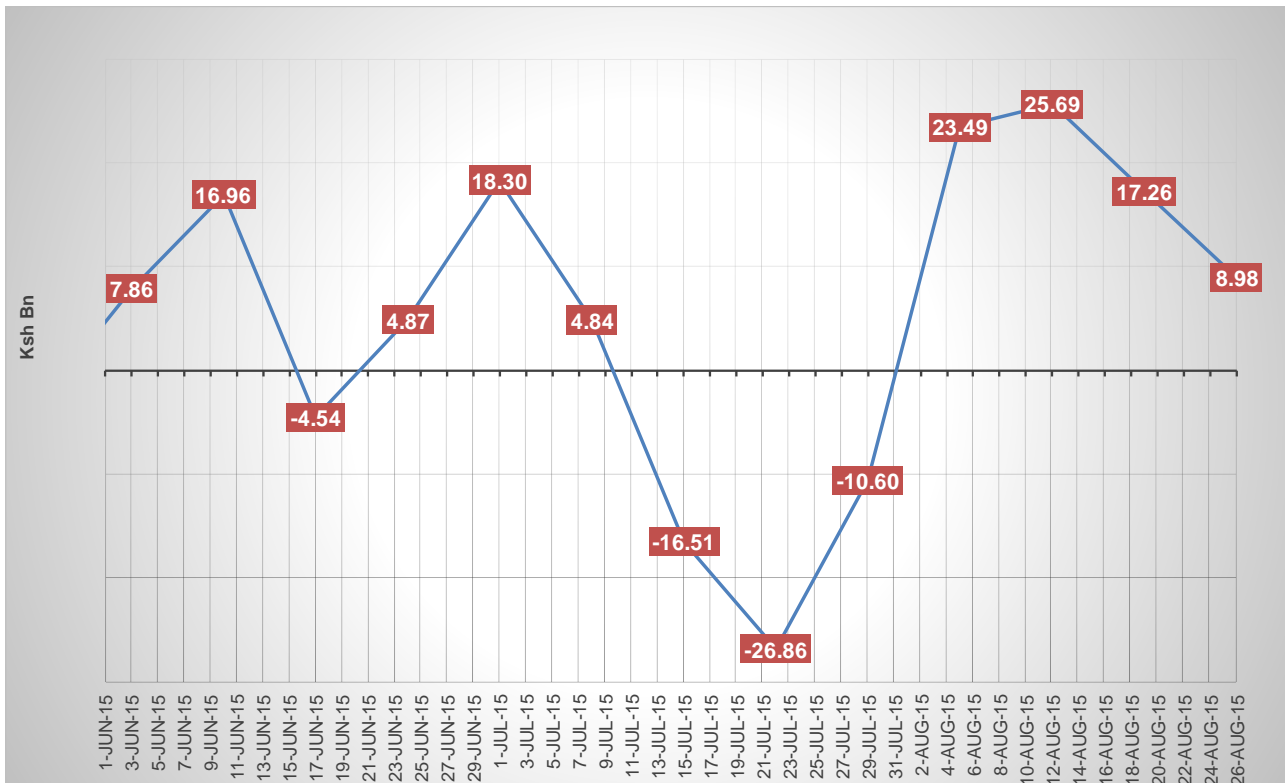


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' clearing account in the week ending August 26, 2015 declined to Ksh 8.98 billion in relation to the cash reserve requirement of 5.25 percent (Ksh 129.1 billion) from Ksh 17.26 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 weakened against the major international currencies and displayed mixed performance against EAC currencies during the week to August 27, 2017. It weakened by 0.80 percent against the US Dollar, 0.98 percent against the Pound Sterling, 3.75 percent against the Euro and 3.65 percent against the Japanese Yen. In the EAC region, the Shilling strengthened against the Uganda Shilling but weakened against the other EAC currencies (**Table 3**).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
21-Aug-15	103.48	162.44	116.76	84.16	34.55	20.57	7.03	14.97
24-Aug-15	103.60	162.28	118.44	84.26	34.80	20.63	7.02	14.85
25-Aug-15	103.77	163.50	120.04	87.14	35.41	20.57	7.03	14.87
26-Aug-15	103.81	162.92	119.08	86.74	34.15	20.62	7.02	14.93
27-Aug-15	103.60	160.59	117.58	86.38	34.31	20.70	7.04	14.96
21-27 Aug	103.65	162.35	118.38	85.74	34.64	20.62	7.03	14.92

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Nairobi Securities Exchange

The Nairobi Securities Exchange recorded losses in both the equities and the bonds market segments as it responded to both domestic and external factors.

Equities Market

The NASI and NSE 20 Share Index shed 8.58 percent and 7.85 percent, respectively, reaching levels last seen in 2012. Market capitalization which measures shareholder wealth declined by Ksh 178.4 billion in the week on account of depressed share prices. Equity turnover, declined by 32.42 percent on account of 26.71 percent decline in share supply and prices (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	16-Jul-15	23-Jul-15	30-Jul-15	6-Aug-15	13-Aug-15	20-Aug-15	27-Aug-15	Wkly Change
NASI 100= 2008	156.59	154.25	150.95	146.43	153.38	150.42	137.51	-8.58%
NSE 20 Share Index 100= 1996	4,676.16	4,539.47	4,487.38	4,350.70	4,495.52	4,429.87	4,080.83	-7.88%
Number of Deals	6,961.00	7,489.00	6,797.00	7,751.00	7,517.00	7,838.00	7,410.00	-5.46%
Total Shares Traded	189.10	123.65	98.96	286.63	100.59	184.66	135.34	-26.71%
Equity Turnover (Ksh. Millions)	6,308.76	3,236.69	2,280.28	6,930.15	2,806.07	5,973.23	4,036.50	-32.42%
Market Capitalization (Ksh. Bn.)	2,192.82	2,160.06	2,113.79	2,050.22	2,147.80	2,109.49	1,931.10	-8.46%
Bonds Turnover (Ksh. Millions)	732.20	1,504.51	4,088.10	9,773.41	2,396.45	4,294.75	2,654.06	-38.20%
FTSE NSE Kenya 15 Index	208.88	205.23	197.85	190.31	199.07	193.90	183.66	-5.28%
FTSE NSE Kenya 25 Index	207.97	204.71	197.39	188.92	198.08	192.97	183.15	-5.09%
FTSE NSE Bond Index	91.79	91.80	91.68	91.58	91.33	91.17	91.30	0.14%

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

CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

NSE, closed the week 5.28 percent and 5.09 percent lower compared to the previous week. The FTSE Government Bond Index recorded a gain of 0.14 percent, reflecting a marginal decrease in secondary market yields.

Banking sector accounted for 47.94 percent of total shares traded during the week. The Telecommunication & Technology sector and Manufacturing & Allied sector accounted 30.21 percent and 4.4 percent, respectively while Automobile and Accessories sector was the least active with 18,800 shares traded.

The Bond Market

The bond market turnover declined by 38.20 percent to Ksh. 2,654.06 million from Ksh 4, 294.75 million, which may be attributed to overall, low activities in capital markets.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills						
Date of Auction	23-Jul-15	30-Jul-15	6-Aug-15	13-Aug-15	20-Aug-15	27-Aug-15
Amount offered (Ksh M)	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Bids received (Ksh M)	1,726.4	1,364.0	2,142.5	2,193.2	1,824.5	3,220.8
Amount Accepted (Ksh M)	1,243.4	871.2	688.9	1,706.9	1,822.4	3,213.3
Maturities (Ksh M)	1,062.9	366.7	1,526.5	593.0	2,713.0	722.8
Average interest Rate (%)	11.5	11.5	11.6	11.5	11.6	11.5
182-Day Treasury Bills						
Date of Auction	22-Jul-15	29-Jul-15	5-Aug-15	12-Aug-15	19-Aug-15	26-Aug-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	1,063.1	864.7	721.1	2,524.3	718.4	1,240.9
Amount Accepted (Ksh M)	600.0	402.7	212.6	2,512.9	254.3	757.1
Maturities (Ksh M)	3,432.7	1,528.4	4,402.8	4,254.1	955.2	5,169.0
Average interest Rate (%)	12.4	11.9	11.8	11.9	12.3	12.4
364-Day Treasury Bills						
Date of Auction	22-Jul-15	29-Jul-15	5-Aug-15	12-Aug-15	19-Aug-15	26-Aug-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	769.7	2,146.7	6,955.3	4,056.8	2,088.6	1,888.9
Amount Accepted (Ksh M)	342.1	1,719.2	5,132.7	3,851.4	1,659.2	1,459.5
Maturities (Ksh M)	4,088.1	1,149.0	5,522.3	7,656.9	956.7	3,424.7
Average interest Rate (%)	13.0	13.5	13.1	13.0	13.0	13.8
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

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	3rd July 2015	10th July 2015	17th July 2015	24th July 2015	31st July 2015	7th August 2015	14th August 2015	21th August 2015
1. Treasury Bills (Excluding Repos)	318.82	314.64	308.05	305.26	298.86	299.05	294.33	290.58
(As % of total securities)	23.54	23.30	22.91	22.76	22.19	22.20	21.92	21.71
2. Treasury Bonds	1035.71	1035.71	1036.71	1035.71	1048.17	1048.17	1048.17	1048.17
(As % of total securities)	76.46	76.70	77.09	77.24	77.81	77.80	78.08	78.29
3. Total Securities (1+2)	1,354.53	1,350.35	1,344.76	1,340.96	1,347.03	1,347.22	1,342.50	1,338.75
4. Overdraft at Central Bank	34.98	39.30	37.73	32.12	41.68	30.37	35.88	29.14
5. Other Domestic debt*	29.04	29.05	28.27	29.27	29.27	29.27	29.85	29.86
6. Gross Domestic Debt (3+4+5)	1,418.55	1,418.69	1,410.76	1,402.35	1,417.99	1,406.85	1,408.23	1,397.75

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997

Source: Central Bank of Kenya

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

	3-Jul-15	10-Jul-15	17-Jul-15	24-Jul-15	31-Jul-15	7-Aug-15	14-Aug-15	21-Aug-15
Treasury bills (Excluding Repos)	22.5	22.2	21.8	21.8	21.1	21.3	20.9	20.8
Treasury bonds	73.0	73.0	73.5	73.9	73.9	74.5	74.4	75.0
CBK Overdraft to Govt	2.5	2.8	2.7	2.3	2.9	2.2	2.5	2.1
Other domestic debt	2.0	2.0	2.0	2.1	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

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER

	3-Jul-15	10-Jul-15	17-Jul-15	24-Jul-15	31-Jul-15	7-Aug-15	14-Aug-15	21-Aug-15
Banking Institutions	55.9	55.9	57.1	57.1	57.8	57.4	57.6	57.0
Insurance Companies	9.0	9.0	9.1	9.1	9.2	9.2	8.8	9.1
Parastatals	3.4	3.4	3.5	3.5	3.5	3.7	4.1	4.1
Pension funds	24.9	24.9	24.9	25.1	25.3	25.5	25.3	25.6
Other investors	6.8	6.8	5.5	5.2	4.2	4.2	4.2	4.3
Total	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	27-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	6,392
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	4.05

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya