



JUNE 26, 2015

Highlights

The money market was relatively tight during the week ending June 24, 2015, largely on account of tax remittance to Government. The average interbank rate increased to 11.74 percent in the week ending June 24, 2015 from 10.27 percent in the previous week.

The capital markets recorded mixed performance in the week ending June 25, 2015.

The Monetary Operations

The money market was relatively tight during the week ending June 24, 2015, largely on account of tax remittance to Government. The average interbank rate increased to 11.74 percent in the week ending June 24, 2015 from 10.27 percent in the previous week (Table 1). Reserve money averaged KSh 354.2 billion during the week ending June 24, 2015 and was KSh 2.9 billion above target.

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

	18-Jun-15	19-Jun-15	22-Jun-15	23-Jun-15	24-Jun-15	Total
Liquidity Flows						
Total liquidity injection	10.2	6.8	13.8	9.1	11.7	51.5
Repos Maturities	5.0	0.9	0.1	0.0	0.0	6.0
Reverse Repo Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit maturities	0.0	0.0	0.0	6.7	6.9	13.6
T/bills redemptions	0.0	0.0	3.1	0.0	0.0	3.1
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	5.2	5.8	3.5	2.3	4.8	21.7
Total liquidity reduction	6.1	13.2	12.8	20.1	2.6	54.8
T/bills (Primary issues)	0.0	0.0	1.8	0.0	0.0	1.8
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	0.0	0.0
Reverse Repos maturities	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposit	0.0	0.0	3.5	3.6	1.2	8.3
Transfer from Banks -Taxes	6.1	13.2	7.4	16.5	1.4	44.6
Net liquidity injection (+)/Withdrawal (-)	4.0	-6.4	1.0	-11.1	9.1	-3.3
Open Market Operations Outcome						
Posted Amount	7.0	5.0	12.0	10.0	4.0	38.0
Realised Amount	0.0	0.0	3.5	3.6	1.2	8.3
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	3.5	3.6	1.2	8.3
Reverse Repo (+)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						Average
Reserve money (actual)	363.6	354.0	356.1	344.8	352.7	354.2
Reserve money target	350.0	350.0	352.3	352.3	352.3	351.3
Deviation from target	13.7	4.1	3.8	-7.5	0.4	2.9
Commercial banks excess reserves Exc(+)/ Short(-)	13.6	4.2	6.5	-4.9	2.8	4.4
Cash outside bank Exc(+)/ Short(-)	0.1	-0.2	-2.7	-2.6	-2.4	-1.5

Source: Central Bank of Kenya

Short-Term Rates

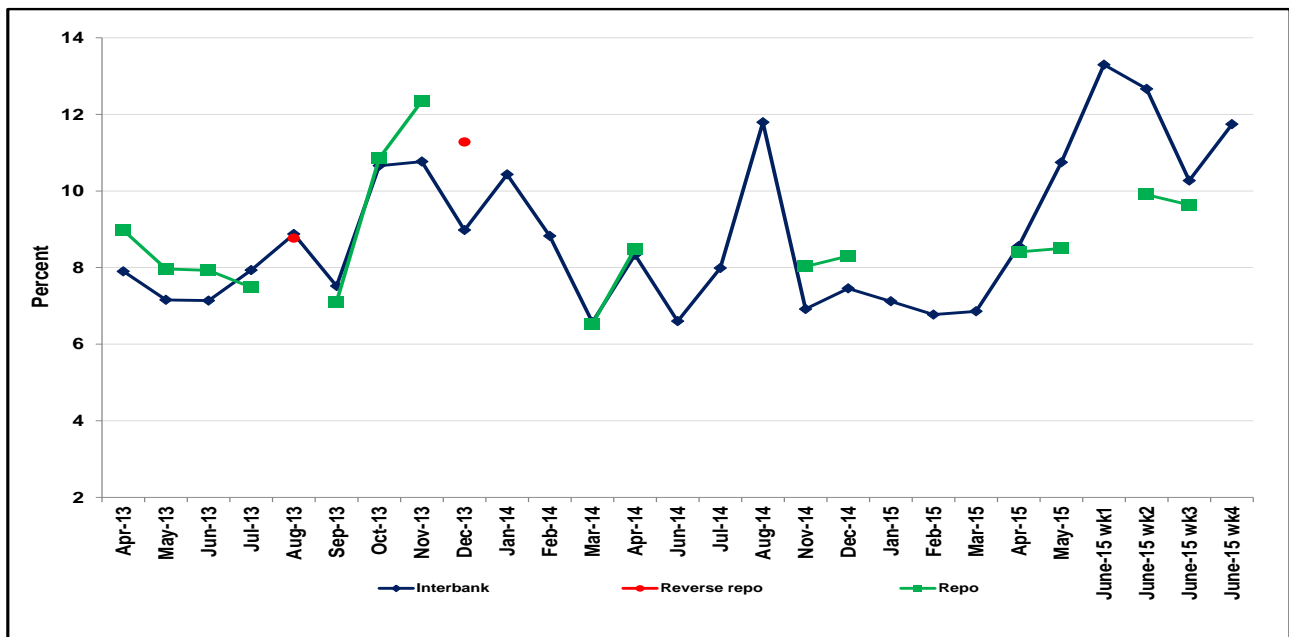
The average interbank rate increased to 11.74 percent in the week ending June 24, 2015 from 10.27 percent in the previous week. The volume transacted increased to KSh 20.24 billion from KSh 17.62 billion traded in the previous week, while the number of deals increased to 52 from 49 deals. (Table 2 and Chart A).

TABLE 2: OPEN MARKET OPERATIONS (KSH BILLION)

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	Average Repo Rate (%)
11-Jun-15	49	17,925	10.19	9.45
12-Jun-15	49	15,195	9.72	9.46
15-Jun-15	48	17,068	10.02	10.00
16-Jun-15	53	19,344	10.56	
17-Jun-15	48	18,579	10.88	
June 11,2015- June 17,2015	49	17,622	10.27	9.64
18-Jun-15	50	20,307	11.29	
19-Jun-15	47	13,018	11.57	
22-Jun-15	48	14,052	11.80	
23-Jun-15	62	30,064	11.98	
24-Jun-15	51	23,768	12.08	
June 17,2015- June 24,2015	52	20,242	11.74	

Source: Central Bank of Kenya

CHART A: STRUCTURE OF INTEREST RATES

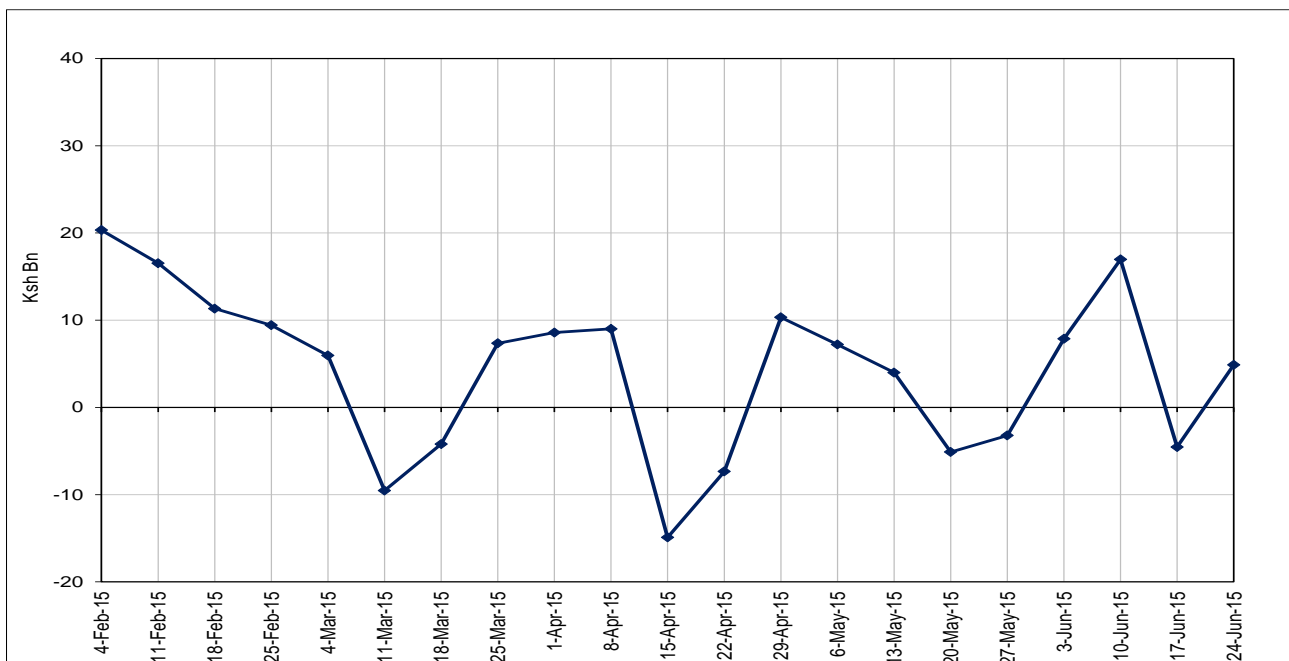


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks’ clearing account in the week ending June 24, 2015 improved to a surplus of KSh 4.87 billion in relation to the cash reserve requirement of 5.25 percent (KSh 128.1 billion) from a deficit of KSh 4.54 billion 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 major international currencies in the week ending June 25, 2015. It depreciated by 1.11 percent, 2.22 percent, 1.31 percent and 1.10 percent against the US Dollar, the Pound Sterling, the Euro and the Japanese Yen, respectively. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling and the Uganda Shilling but weakened against 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*
12-Jun-15	97.21	150.67	109.10	78.69	32.46	22.56	7.51	16.02
15-Jun-15	97.25	151.03	108.87	78.73	32.55	22.71	7.51	15.99
16-Jun-15	97.33	151.89	109.77	78.76	32.74	22.71	7.50	16.03
17-Jun-15	97.49	152.42	109.73	78.91	32.67	22.82	7.39	16.06
18-Jun-15	97.87	154.76	111.04	79.58	33.00	22.94	7.48	16.02
12-18 Jun 2015	97.43	152.16	109.70	78.93	32.68	22.75	7.48	16.02
19-Jun-15	98.18	155.52	111.31	79.70	33.54	23.17	7.48	15.97
22-Jun-15	98.55	156.49	112.38	80.31	33.59	23.19	7.32	16.03
23-Jun-15	98.59	155.56	111.06	79.72	33.60	23.18	7.46	16.25
24-Jun-15	98.78	155.63	110.63	79.65	33.54	23.33	7.44	15.79
25-Jun-15	98.45	154.48	110.34	79.62	33.52	23.72	7.47	15.86
19-25 Jun 2015	98.51	155.54	111.14	79.80	33.56	23.32	7.43	15.98

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Capital Markets

Nairobi Securities Exchange recorded improved performance in the equities market segment leading indicators except for NASI and Market Capitalization. Similarly, the bonds market segments recorded an improvement in FTSE NSE Bond Index and a decline in Bonds Turnover in the week ending June 25, 2015.

Equities Market

The Equity Turnover recorded a 52.29 percent increase on account of increased share supply. The NSE 20 Share Index gained by 0.05 percent while the NASI declined by 0.09 percent. Share supply improved by 49.28 percent. The shareholders wealth, measured by market capitalisation declined by 0.08 percent due to decline in average share prices during the week under review (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	23-Apr-15	29-Apr-15	07-May-15	14-May-15	21-May-15	28-May-15	04-Jun-15	11-Jun-15	18-Jun-15	25-Jun-15	Wkly Change
NASI 100= 2008	171.58	172.35	171.52	167.82	166.48	161.46	164.22	162.70	162.82	162.68	-0.09%
NSE 20 Share Index 100= 1996	5,026.94	5,061.11	5,074.76	4,979.71	4,928.91	4,805.89	4,773.79	4,744.95	4,796.26	4,798.73	0.05%
Number of Deals	9,154	7,250	9,831	9,134	8,131	8,758	6,784	7,455	7,608	8,361	9.90%
Total Shares Traded	94.81	86.54	155.00	191.09	131.47	164.49	131.87	113.31	110.72	165.29	49.28%
Equity Turnover (Ksh. Millions)	3,226.26	2,644.95	4,845.18	5,434.47	5,165.07	4,481.55	4,655.02	2,833.44	3,436.63	5,233.54	52.29%
Market Capitalization (Ksh. Bn.)	2,399.64	2,410.98	2,399.45	2,347.46	2,328.78	2,258.40	2,297.13	2,275.78	2,277.38	2,275.49	-0.08%
Bonds Turnover (Ksh. Millions)	5,884.85	3,493.55	3,018.04	9,263.15	1,894.35	7,141.38	4,662.95	3,827.66	4,070.15	524.71	-87.11%
FTSE NSE Kenya 15 Index	229.31	228.41	228.44	220.64	222.18	215.52	219.94	217.50	216.53	215.60	-0.43%
FTSE NSE Kenya 25 Index	229.40	228.57	228.27	220.16	221.56	215.27	219.77	217.18	216.02	214.84	-0.55%
FTSE NSE Bond Index	92.43	92.75	91.78	91.52	91.91	92.42	92.3	91.77	91.77	92.03	0.28%

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 measures stocks performance of 15 largest companies by market capitalization and 25 most liquid stocks at the NSE respectively, closed the week 0.43 and 0.55 percent lower over the previous week. However, FTSE Government Bond Index recorded a marginal gains of 0.28 percent reflecting marginal decrease in the secondary market yields.

Telecommunication & Technology, Banking and Energy & Petroleum sectors were the top three most active sectors, representing 35.87 percent, 28.61 percent and 14.90 percent of the total shares traded, respectively. Automobile and Accessories sector was the least active with 52,500 shares traded.

The Bond Market

The bond's turnover decreased by 87.11 percent to KSh 524.71 million from KSh 4,070.15 million in the previous week. The decline in turnover is attributed to anticipated payments for two bonds issued, face value Ksh 20 billion, value date 29 June, 2015. The number of deals fell to 30 from 66 traded the previous week.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills										
Date of Auction	07-May-15	14-May-15	21-May-15	28-May-15	04-Jun-15	11-Jun-15	18-Jun-15	25-Jun-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	1,000.0	
Bids received (Ksh M)	1,516.9	585.7	877.2	1,397.3	3,136.5	2,106.6	1,145.0	508.0		
Amount Accepted (Ksh M)	1,515.6	584.7	2,660.9	718.1	3,136.5	2,123.2	1,071.5	508.0		
Maturities (Ksh M)	849.6	3,115.3	896.1	4,733.4	1,951.6	2,460.5	601.3	1,124.0		
Average interest Rate (%)	8.357	8.167	8.1	8.2	8.2	8.3	8.3	8.3		
182-Day Treasury Bills										
Date of Auction	06-May-15	13-May-15	20-May-15	27-May-15	03-Jun-15	10-Jun-15	17-Jun-15	24-Jun-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)	402.7	1,269.2	1,150.2	372.1	199.2	412.3	243.0	2,524.2		
Amount Accepted (Ksh M)	402.7	1,269.2	265.9	372.1	198.2	412.3	243.0	2,524.2		
Maturities (Ksh M)	2,680.4	4,748.0	1,203.0	4,421.3	903.1	1,206.8	1,139.7	1,583.6		
Average interest Rate (%)	10.326	10.348	10.6	10.5	10.5	10.5	10.6	10.6		
364-Day Treasury Bills										
Date of Auction	06-May-15	13-May-15	20-May-15	27-May-15	03-Jun-15	10-Jun-15	17-Jun-15	24-Jun-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)	1,599.5	2,615.2	364.7	1,008.4	269.6	956.5	510.9	533.7		
Amount Accepted (Ksh M)	1,328.9	2,525.0	364.7	1,008.4	269.6	956.5	510.9	532.7		
Maturities (Ksh M)	3,051.8	3,914.4	550.9	2,495.5	2,262.5	3,018.9	1,598.5	1,026.9		
Average interest Rate (%)	10.667	10.768	10.8	10.8	10.8	11.1	11.1	11.1		
Treasury Bonds										
Date of Auction									24-Jun-15	
Tenor									2 Year FXD (Re-open)	5 Year FXD (Re-open)
Amount offered (Ksh M)	20,000.0								20,000.0	
Bids received (Ksh M)	32,557.3								8,545.8	8,302.0
Amount Accepted (Ksh M)	11,658.4								7,194.6	5,566.4
Maturities (Ksh M)	11,924.0								0.0	0.0
Average interest Rate (%)	12.9								11.8	12.6

Source: Central Bank of Kenya

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	27th March 2015	2nd April 2015	10th April 2015	17th April 2015	24th April 2015	30th April 2015	8th May 2015	15th May 2015	22nd May 2015	29th May 2015	5th June 2015	12th June 2015	19th June 2015
1. Treasury Bills (Excluding Repos)	337.98	342.22	345.53	349.27	347.11	346.97	344.69	340.58	333.53	334.17	324.72	323.29	320.23
(As % of total securities)	26.02	26.26	25.92	25.71	25.59	25.58	25.46	25.23	25.06	24.62	24.10	24.01	23.84
2. Treasury Bonds	961.04	961.04	987.49	1009.17	1009.17	1009.17	1009.17	1009.17	997.24	1022.95	1022.95	1022.95	1022.95
(As % of total securities)	73.98	73.74	74.08	74.29	74.41	74.42	74.54	74.77	74.94	75.38	75.90	75.99	76.16
3. Total Securities (1+2)	1,299.01	1,303.25	1,333.03	1,358.44	1,356.28	1,356.13	1,353.86	1,349.75	1,330.77	1,357.12	1,347.67	1,346.24	1,343.18
4. Overdraft at Central Bank	32.68	37.40	37.40	18.31	22.62	29.77	32.22	24.40	29.28	21.09	31.81	31.14	34.86
5. Other Domestic debt*	29.97	56.46	29.95	29.93	29.94	29.93	29.92	29.53	29.54	29.52	29.54	29.61	29.60
6. Gross Domestic Debt (3+4+5)	1,361.67	1,397.11	1,400.37	1,406.68	1,408.84	1,415.84	1,416.00	1,403.68	1,389.59	1,407.73	1,409.03	1,406.99	1,407.64

* 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

	02-Apr-15	10-Apr-15	17-Apr-15	24-Apr-15	30-Apr-15	08-May-15	15-May-15	22-May-15	29-May-15	05-Jun-15	12-Jun-15	19-Jun-15
Treasury bills (Excluding Repos)	25.0	24.7	24.8	24.6	24.5	24.3	24.3	24.0	23.7	23.0	23.0	22.7
Treasury bonds	70.1	70.5	71.7	71.6	71.3	71.3	71.9	71.8	72.7	72.6	72.7	72.7
CBK Overdraft to Govt	2.7	2.7	1.3	1.6	2.1	2.3	1.7	2.1	1.5	2.3	2.2	2.5
Other domestic debt	2.2	2.1	2.1	2.1	2.1	2.1	2.1	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	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER

	02-Apr-15	10-Apr-15	17-Apr-15	24-Apr-15	30-Apr-15	08-May-15	15-May-15	22-May-15	29-May-15	05-Jun-15	12-Jun-15	19-Jun-15
Banking Institutions	56.0	56.2	56.0	56.3	56.6	56.6	56.3	56.1	56.0	56.2	56.1	56.1
Insurance Companies	9.0	8.9	8.9	8.9	8.8	8.8	8.9	8.8	8.9	8.9	8.9	8.9
Parastatals	3.0	3.1	3.1	3.1	3.1	3.2	3.2	3.4	3.3	3.3	3.4	3.4
Pension funds	24.7	24.6	24.9	24.7	24.5	24.4	24.6	24.7	24.9	24.7	24.8	24.8
Other investors	7.2	7.2	7.0	7.0	7.0	6.9	7.0	7.0	6.9	6.9	6.9	6.8
Total	100.0	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)

	14-May-15	21-May-15	28-May-15	04-Jun-15	11-Jun-15	18-Jun-15	25-Jun-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,757	6,803	6,770	6,735	6,735	6,788	6,720
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.33	4.36	4.33	4.26	4.26	4.29	4.23

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya