



**NOVEMBER 13, 2015**

### **Highlights**

*The money market was relatively liquid during the week ending November 11, 2015 but the liquidity was skewed among a few banks. The Central Bank liquidity management therefore, supported the market through roll-over of reverse repos issued the previous week. The average interbank rate declined to 9.8 percent in the week ending November 11, 2015 from 11.6 percent in the previous week.*

*The Nairobi Securities Exchange recorded mixed performance in the week ending November 12, 2015.*

### **Monetary Policy Operations**

The money market was relatively liquid during the week ending November 11, 2015 supported by government payments and reverse repo securities uptake by banks. However, the liquidity was skewed among a few banks. The Central Bank liquidity management therefore, supported the market through roll-over of reverse repos issued the previous week. Reserve money averaged KSh 427.6 billion during the week ending November 11, 2015 and was KSh 58.8 billion above target (**Table 1**).

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

	5-Nov-15	6-Nov-15	9-Nov-15	10-Nov-15	11-Nov-15	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection</b>	<b>10.9</b>	<b>12.9</b>	<b>18.0</b>	<b>11.1</b>	<b>19.6</b>	<b>72.6</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	8.2	0.0	0.0	15.6	23.8
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	9.4	0.0	0.0	9.4
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	0.0	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	9.4	4.1	8.3	11.1	3.8	36.7
<b>Total liquidity reduction</b>	<b>2.0</b>	<b>15.5</b>	<b>26.5</b>	<b>8.4</b>	<b>23.7</b>	<b>76.1</b>
T/bills (Primary issues)	0.0	0.0	21.9	0.0	0.0	21.9
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	12.2	0.0	0.0	15.6	27.7
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks - Taxes	2.0	3.3	3.9	6.6	8.1	23.8
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>8.9</b>	<b>-2.6</b>	<b>-8.5</b>	<b>2.7</b>	<b>-4.1</b>	<b>-3.5</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	0.0	6.0	0.0	0.0	10.0	16.0
<b>Realised Amount</b>	<b>0.0</b>	<b>8.2</b>	<b>0.0</b>	<b>0.0</b>	<b>15.6</b>	<b>23.8</b>
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo (+)	0.0	8.2	0.0	0.0	15.6	23.8
<b>Reserve Money Position</b>						
Reserve money (actual)	434.4	433.8	423.3	425.4	421.2	427.6
Reserve money target	367.1	367.1	370.0	370.0	370.0	368.8
Deviation from target	<b>67.3</b>	<b>66.7</b>	<b>53.4</b>	<b>55.4</b>	<b>51.2</b>	<b>58.8</b>
Commercial banks excess reserves Exc(+)/ Short(-)	74.3	72.5	62.5	63.2	60.2	66.5
Cash outside bank Exc(+)/ Short(-)	<b>-6.9</b>	<b>-5.8</b>	<b>-9.2</b>	<b>-7.7</b>	<b>-9.0</b>	<b>-7.7</b>

Source: Central Bank of Kenya

## Interbank Rates

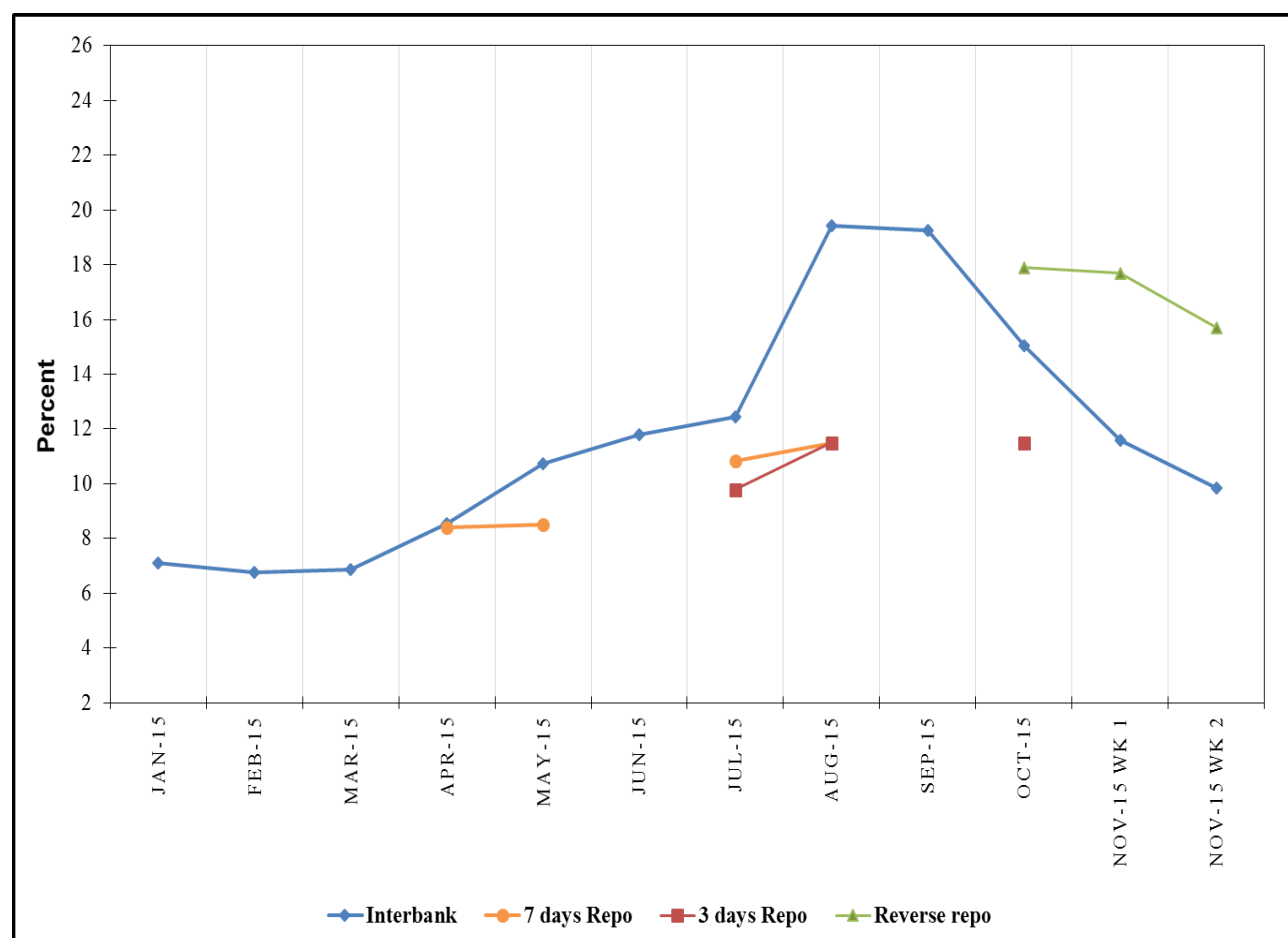
The average interbank rate declined to 9.8 percent in the week ending November 11, 2015 from 11.6 percent in the previous week. The volume transacted decreased to KSh 8.0 billion from KSh 16.5 billion traded in the previous week, with the number of deals also decreasing to 36 from 40 deals. In the week under review, the reverse repo purchases were traded at an average rate of 15.7 percent compared 17.7 percent in the previous week (Table 2 and Chart A).

**TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)**

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
29-Oct-15	37	16,444	13.21	
30-Oct-15	38	15,183	12.79	18.34
2-Nov-15	44	18,299	11.14	
3-Nov-15	35	16,264	10.63	
4-Nov-15	48	16,093	10.19	17.03
<b>October 29, 2015-November 4, 2015</b>	<b>40</b>	<b>16,457</b>	<b>11.59</b>	<b>17.69</b>
5-Nov-15	40	13,283	9.29	
6-Nov-15	30	6,837	9.62	16.25
9-Nov-15	31	4,920	10.19	
10-Nov-15	43	9,132	9.90	
11-Nov-15	34	6,035	10.21	15.14
<b>November 5, 2015-November 11, 2015</b>	<b>36</b>	<b>8,041</b>	<b>9.84</b>	<b>15.70</b>

Source: Central Bank of Kenya

**CHART A: STRUCTURE OF SHORT-TERM INTEREST RATES**

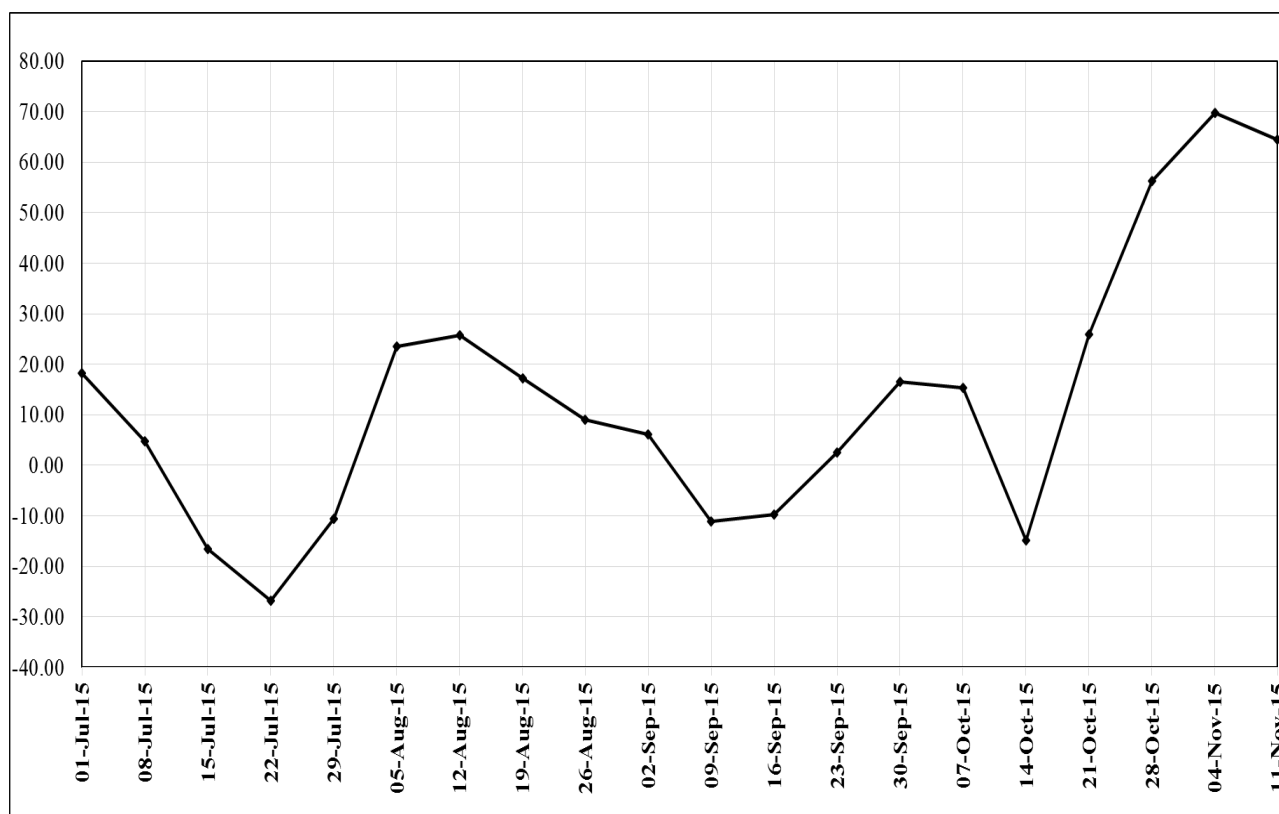


Source: Central Bank of Kenya

### Commercial Banks Clearing Account Balances

Commercial banks' clearing account recorded a surplus of KSh 64.4 billion in relation to the cash reserve requirement of 5.25 percent (KSh 128.5 billion) in the week ending November 11, 2015 compared to a surplus of KSh 69.72 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 exchange rate appreciated during the week ending November 12, 2015 against all major international currencies apart from the US Dollar. It also appreciated against all EAC currencies. It appreciated by 1.25 percent against the Pound Sterling, 1.73 percent against the Euro and 1.00 percent against the Japanese Yen. However, it depreciated by 0.27 percent against the US Dollar.

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
30-Oct-15	101.80	155.60	111.59	84.05	35.02	21.39	7.26	15.12
2-Nov-15	101.97	157.07	112.74	84.69	34.86	21.28	7.31	15.29
3-Nov-15	102.01	157.64	112.55	84.56	34.70	21.29	7.31	15.29
4-Nov-15	102.01	156.98	111.74	84.18	34.58	21.25	7.31	15.27
5-Nov-15	101.97	156.91	110.89	83.92	33.93	21.15	7.26	15.14
<b>30th Oct-5th Nov</b>	<b>101.95</b>	<b>156.84</b>	<b>111.90</b>	<b>84.28</b>	<b>34.62</b>	<b>21.28</b>	<b>7.29</b>	<b>15.22</b>
6-Nov-15	102.13	155.84	110.98	84.02	33.39	21.12	7.28	15.26
9-Nov-15	102.24	154.19	109.73	84.11	33.16	20.98	7.29	15.33
10-Nov-15	102.24	154.25	109.84	82.92	33.30	20.93	7.29	15.23
11-Nov-15	102.25	154.49	109.29	82.93	33.94	21.03	7.25	15.10
12-Nov-15	102.29	155.62	109.96	83.21	34.26	21.07	7.24	15.04
<b>6th Nov-12th Nov</b>	<b>102.23</b>	<b>154.88</b>	<b>109.96</b>	<b>83.44</b>	<b>33.61</b>	<b>21.03</b>	<b>7.27</b>	<b>15.19</b>

\* Units of currency per Kenya Shilling

**Source: Central Bank of Kenya**

### The Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) equity market segment recorded mixed performance, while the bond market activity increased during the week under review.

#### Equities Market

Equity Turnover declined by 49.08 percent due to a 42.94 percent drop in total shares traded. The NASI gained 3.13 percent and NSE 20 Share Index gained 1.25 percent. Shareholders' wealth, measured by Market Capitalization gained by 3.14 percent to cross KSh.2-trillion mark for the first time in four weeks (Table 4).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	01-Oct-15	08-Oct-15	15-Oct-15	22-Oct-15	30-Oct-15	05-Nov-15	13-Nov-15	Wkly Change
NASI 100= 2008	145.65	142.40	135.71	139.43	138.07	139.42	143.79	3.13%
NSE 25 Share Index		4,175.19	3,953.83	4,060.94	4,059.32	4,051.07	4119.25	1.68%
NSE 20 Share Index 100= 1996	4,153.00	4,041.35	3,868.18	3,935.88	3,884.13	3,868.09	3916.62	1.25%
Number of Deals	4,313.00	6,303.00	7,356.00	5,424.00	6,325.00	6,913.00	6828.00	-1.23%
Total Shares Traded	103.42	100.14	143.73	98.17	173.26	145.35	82.93	-42.94%
Equity Turnover (Ksh. Millions)	4,376.86	3,276.09	4,308.84	2,961.71	6,728.85	4,253.20	2165.87	-49.08%
Market Capitalization (Ksh. Bn.)	2,045.82	2,003.06	1,908.66	1,861.17	1,942.07	1,961.07	2022.62	3.14%
Bonds Turnover (Ksh. Millions)	3,623.15	2,982.48	6,586.95	4,508.25	13,221.72	4,275.05	7011.40	64.01%
FTSE NSE Kenya 15 Index	191.03	187.38	177.66	181.93	180.26	180.86	184.50	2.01%
FTSE NSE Kenya 25 Index	190.52	187.05	177.21	181.54	179.58	180.59	184.50	2.17%
FTSE NSE Bond Index	90.53	90.53	90.32	90.32	90.13	89.93	89.89	-0.04%

**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 2.01 percent and 2.17 percent higher as compared to the previous week. However, the FTSE Government Bond Index, declined marginally by 0.04 percent to 89.89, signalling slight increase in the secondary market yields.

Banking, Telecommunication and Technology, and Manufacturing and Allied sectors were the most active and accounted for 36.62 percent, 31.55 percent and 7.3 percent of the total shares traded, respectively. The Agricultural sector was the least active with 0.27 percent of shares traded.

**The Bond Market**

The bond market turnover rose by 64.01 percent to end the week at KSh.7, 011.40 million compared to KSh.4, 275.05 million traded the previous week. Likewise, the number of deals increased to 73 compared to 54 deals. The increase is attributed to increased appetite in the bonds market as a result of declining Treasury Bill rate.

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

<b>91-Day Treasury Bills</b>						
Date of Auction	08-Oct-15	15-Oct-15	22-Oct-15	29-Oct-15	05-Nov-15	12-Nov-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)	17,095.4	14,738.0	14,795.4	33,051.2	44,612.9	22,848.5
Amount Accepted (Ksh M)	12,637.8	12,996.7	12,361.0	6,905.7	7,305.4	8,369.8
Maturities (Ksh M)	1,214.9	3,416.0	1,168.0	892.5	704.5	1,749.1
Average interest Rate (%) - 91 Days	21.4	22.1	22.5	19.5	13.8	9.7
<b>182-Day Treasury Bills</b>						
Date of Auction	07-Oct-15	14-Oct-15	21-Oct-15	28-Oct-15	04-Nov-15	11-Nov-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)	5,670.2	3,736.4	4,877.7	19,197.6	32,892.3	22,770.3
Amount Accepted (Ksh M)	5,294.5	2,342.7	4,868.7	5,601.3	5,646.5	8,620.4
Maturities (Ksh M)	4,846.9	4,997.2	5,252.6	666.5	423.2	1,333.2
Average interest Rate (%) - 182 days	21.6	21.8	22.3	21.0	16.5	12.3
<b>364-Day Treasury Bills</b>						
Date of Auction	07-Oct-15	14-Oct-15	21-Oct-15	28-Oct-15	04-Nov-15	11-Nov-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)	12,628.5	12,557.3	20,640.7	40,900.4	50,314.0	23,189.2
Amount Accepted (Ksh M)	8,914.2	7,877.2	16,259.3	7,071.6	8,981.3	7,920.5
Maturities (Ksh M)	8,986.4	8,508.5	1,946.4	7,147.4	8,228.3	6,104.5
Average interest Rate (%) - 364 days	21.5	21.9	22.4	21.2	17.1	13.6
<b>Treasury Bonds</b>						
Date of Auction						
Tenor			FXD 2/2015/1			
Amount offered (Ksh M)			20,000.0			
Bids received (Ksh M)			31,479.8			
Amount Accepted (Ksh M)			20,490.0			
Maturities (Ksh M)			0.0			
Average interest Rate (%)			23.0			

Source: Central Bank of Kenya

**TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)**

## CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15
1. Treasury Bills (Excluding Repos)	272.93	266.60	268.00	282.90	291.85	321.69	334.89
<b>(As % of total securities)</b>	<b>20.76</b>	<b>20.30</b>	<b>20.38</b>	<b>21.27</b>	<b>21.80</b>	<b>23.16</b>	<b>23.88</b>
2. Treasury Bonds	1041.80	1046.94	1046.94	1046.94	1046.94	1067.42	1067.42
<b>(As % of total securities)</b>	<b>79.24</b>	<b>79.70</b>	<b>79.62</b>	<b>78.73</b>	<b>78.20</b>	<b>76.84</b>	<b>76.12</b>
<b>3. Total Securities (1+2)</b>	<b>1,314.73</b>	<b>1,313.53</b>	<b>1,314.94</b>	<b>1,329.84</b>	<b>1,338.78</b>	<b>1,389.11</b>	<b>1,402.31</b>
4. Overdraft at Central Bank	43.29	40.78	40.59	29.24	46.37	36.87	34.21
5. Other Domestic debt*	28.80	28.81	28.82	28.52	28.54	28.54	28.53
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>1,386.82</b>	<b>1,383.12</b>	<b>1,384.34</b>	<b>1,387.59</b>	<b>1,413.69</b>	<b>1,454.53</b>	<b>1,465.05</b>

\* 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**

	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15
Treasury bills (Excluding Repos)	19.7	19.3	19.4	20.4	20.6	22.1	22.9
Treasury bonds	75.1	75.7	75.6	75.4	74.1	73.4	72.9
CBK Overdraft to Govt	3.1	2.9	2.9	2.1	3.3	2.5	2.3
Other domestic debt	2.1	2.1	2.1	2.1	2.0	2.0	1.9
<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>

**Source: Central Bank of Kenya**

**TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER**

	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15
Banking Institutions	56.5	56.1	55.7	55.1	55.2	55.5	55.4
Insurance Companies	8.7	8.8	8.8	8.8	8.7	8.8	8.7
Parastatals	4.7	4.8	4.8	4.8	4.7	4.7	4.6
Pension funds	25.3	25.0	25.1	25.5	24.8	25.2	25.3
Other investors	4.8	5.4	5.7	5.8	6.7	5.9	6.0
<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>

**Source: Central Bank of Kenya**

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

	01-Oct-15	08-Oct-15	15-Oct-15	22-Oct-15	29-Oct-15	05-Nov-15	12-Nov-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,112	6,207	6,254	6,435	6,563	6,905	6,797
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	3.89	3.95	3.98	4.10	4.18	4.40	4.33

\*Excludes Encumbered Reserves

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

**Source: Central Bank of Kenya**