



NOVEMBER 27, 2015

Highlights

The money market was relatively liquid during the week ending November 25, 2015. Liquidity was however skewed in favor of a few banks. The average interbank rate declined to 6.0 percent in the week ending November 25, 2015 from 10.4 percent in the previous week.

Capital markets recorded mixed performance in the week ending November 26, 2015.

Monetary Policy Operations.

The money market was relatively liquid during the week ending November 25, 2015. Liquidity was however skewed in favor of a few banks. The Central Bank Liquidity Management continued to boost liquidity distribution in the interbank money market through reverse repo purchases. Reserve money averaged KSh 390.8 billion during the week ending November 25, 2015 and was KSh 16.2 billion above target (Table 1).

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

	19-Nov-15	20-Nov-15	23-Nov-15	24-Nov-15	25-Nov-15	Total
Liquidity Flows						
Total liquidity injection	8.0	10.1	33.2	1.1	10.9	63.2
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	4.5	0.0	0.0	8.5	13.0
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	6.6	0.0	0.0	6.6
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	15.0	0.0	0.0	15.0
T/bonds Interest	0.0	0.0	7.5	0.0	0.0	7.5
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	8.0	5.5	4.1	1.1	1.5	20.1
Total liquidity reduction	5.5	15.3	23.4	8.7	15.1	68.0
T/bills (Primary issues)	0.0	0.0	16.8	0.0	0.0	16.8
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	8.7	0.0	0.0	12.0	20.7
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	5.5	6.6	6.6	8.7	3.0	30.3
Net liquidity injection (+)/Withdrawal (-)	2.4	-5.3	9.8	-7.6	-4.2	-4.8
Open Market Operations Outcome						
Posted Amount	0.0	7.0	0.0	0.0	8.0	15.0
Realised Amount	0.0	8.7	0.0	0.0	12.0	20.7
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	8.7	0.0	0.0	12.0	20.7
Reserve Money Position						
Reserve money (actual)	393.8	388.8	397.2	389.1	384.9	390.8
Reserve money target	372.8	372.8	375.7	375.7	375.7	374.6
Deviation from target	20.9	16.0	21.5	13.4	9.2	16.2
Commercial banks excess reserves Exc(+)/ Short(-)	36.2	31.4	40.0	32.7	28.0	33.7
Cash outside bank Exc(+)/ Short(-)	-15.3	-15.4	-18.5	-19.3	-18.8	-17.5

Source: Central Bank of Kenya

Short-Term Rates

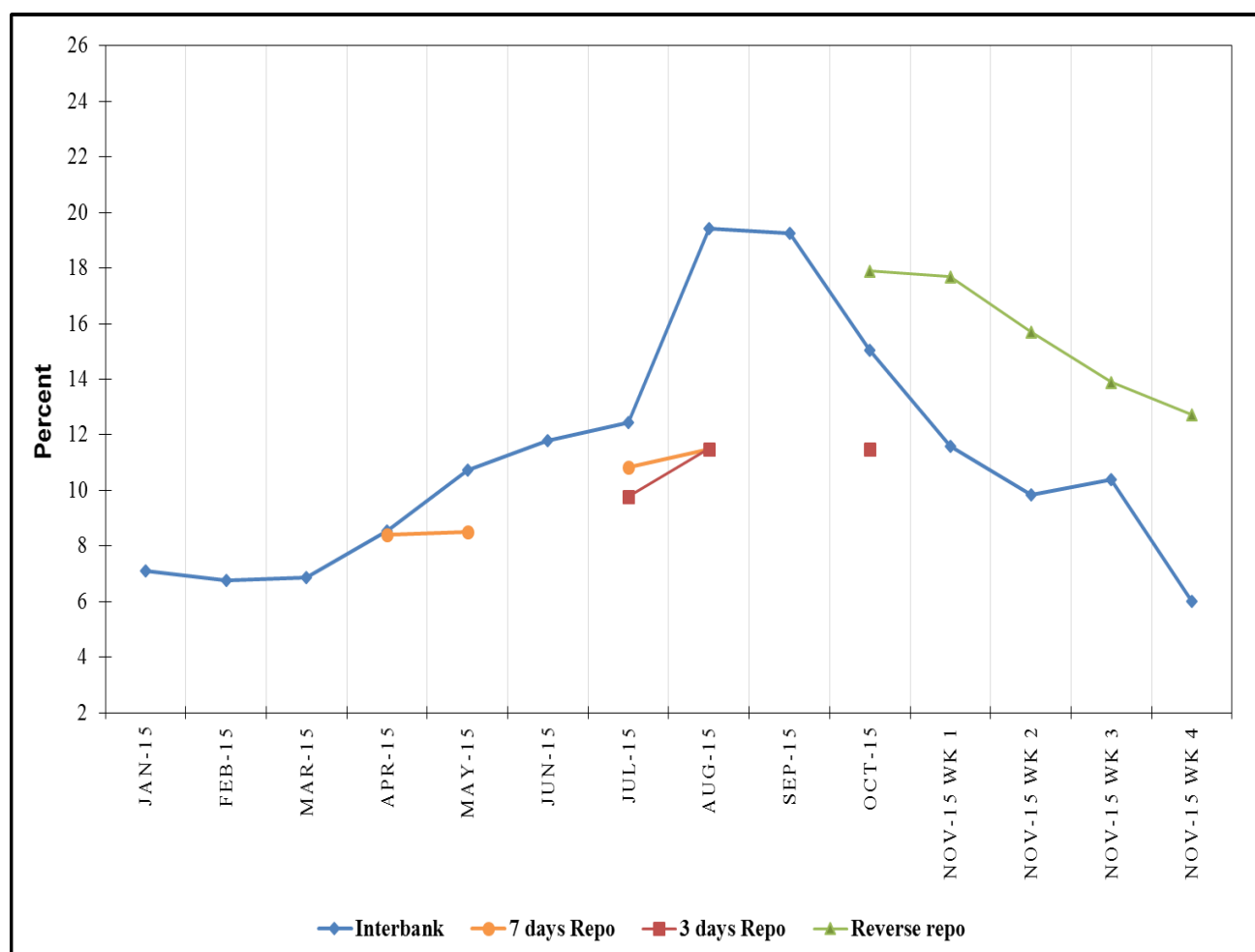
The average interbank rate declined to 6.0 percent in the week ending November 25, 2015 from 10.4 percent in the previous week. The volumes transacted in the interbank money market increased to KSh 11.2 billion from KSh 7.2 billion traded in the previous week. The number of deals declined to 27 deals from 30 deals. The reverse repo purchases traded at a lower average rate of 12.7 percent in the week ending November 25, 2015 compared to 13.9 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 (%)
12-Nov-15	38	10,780	10.91	
13-Nov-15	37	8,670	11.00	14.17
16-Nov-15	26	5,640	10.51	
17-Nov-15	22	3,685	10.53	
18-Nov-15	28	7,110	8.94	13.62
November 12, 2015-November 18, 2015	30	7,177	10.38	13.90
19-Nov-15	33	14,540	7.31	
20-Nov-15	29	13,560	6.44	13.06
23-Nov-15	24	8,325	6.00	
24-Nov-15	21	8,105	5.28	
25-Nov-15	29	11,250	5.11	12.41
November 19, 2015-November 25, 2015	27	11,156	6.03	12.73

Source: Central Bank of Kenya

CHART A: STRUCTURE OF SHORT-TERM INTEREST RATES

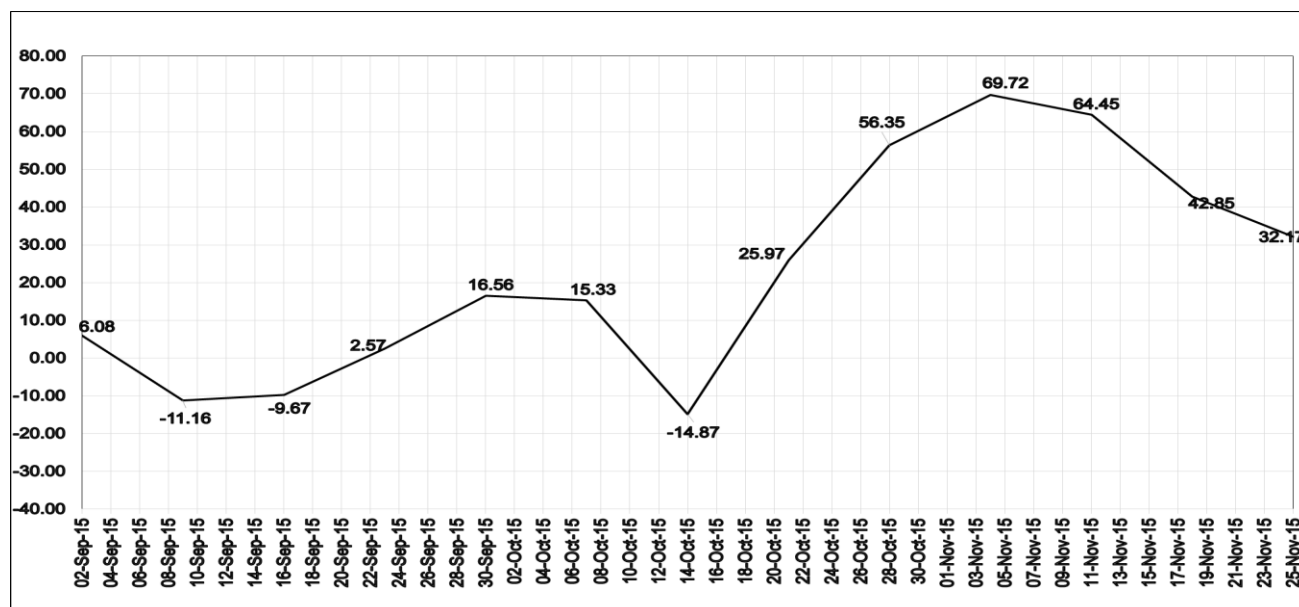


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' daily free reserves based on the cash reserve requirement of 5.25 percent averaged KSh 32.2 billion in the week ending November 25, 2015 compared to KSh 42.9 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 November 25, 2015, the Kenya Shilling exchange rate displayed mixed performance against major international currencies as well as the EAC Region. It appreciated by 0.05 percent against the USD, 0.24 percent against the sterling pound and 0.30 percent against the Euro. It however depreciated by 0.19 percent against the Japanese yen. In the EAC region it appreciated against the Tanzania shilling and Rwanda franc but depreciated against Uganda shilling and Burundi Franc.

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
13-Nov-15	102.25	155.30	109.61	83.12	34.28	21.08	7.29	15.35
16-Nov-15	102.31	155.69	109.72	83.55	33.97	21.02	7.38	15.09
17-Nov-15	102.24	155.16	108.95	82.84	33.84	21.06	7.25	15.04
18-Nov-15	102.21	155.42	108.82	82.90	33.31	21.04	7.25	15.19
19-Nov-15	102.19	155.46	108.99	82.75	32.81	21.09	7.30	15.36
13th Nov-19th Nov	102.24	155.41	109.22	83.03	33.64	21.06	7.29	15.21
20-Nov-15	102.20	156.16	109.51	83.18	32.93	21.13	7.25	15.10
23-Nov-15	102.18	155.06	108.49	82.94	32.88	21.19	7.39	15.01
24-Nov-15	102.20	154.89	108.68	83.19	33.02	21.19	7.29	15.30
25-Nov-15	102.18	154.05	108.88	83.46	32.93	21.21	7.29	15.23
20th Nov-25th Nov	102.19	155.04	108.89	83.19	32.94	21.18	7.30	15.16

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Capital Markets

Nairobi Securities Exchange recorded mixed performance in the week ended November 26, 2015 with both the equities and bond market segment recording gains and losses.

Equities Market

The NSE 20 Share Index and NSE 25 Share Index recorded gains of 1.9 percent and 0.2 percent, respectively, while the NASI recorded a loss of 0.5 percent. Equity turnover closed 12.6 percent lower during the week to November 26, 2015 on account of 30.7 percent decrease in the volume of shares traded. Shareholder wealth, measured by market capitalization, declined by 0.5 percent on account of overall decline in prices (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	19-Nov-15	26-Nov-15	Wkly Change
NASI 100= 2008	145.65	142.40	135.71	139.43	138.07	139.42	143.79	146.31	145.65	-0.45%
NSE 25 Share Index		4,175.19	3,953.83	4,060.94	4,059.32	4,051.07	4,119.25	4,207.97	4,215.71	0.18%
NSE 20 Share Index 100= 1996	4,153.00	4,041.35	3,868.18	3,935.88	3,884.13	3,868.09	3,916.62	3,971.30	4,044.72	1.88%
Number of Deals	4,313.00	6,303.00	7,356.00	5,424.00	6,325.00	6,913.00	6,828.00	6,775.00	5,226.00	-22.86%
Total Shares Traded	103.42	100.14	143.73	98.17	173.26	145.35	82.93	110.55	76.60	-30.71%
Equity Turnover (Ksh. Millions)	4,376.86	3,276.09	4,308.84	2,961.71	6,728.85	4,253.20	2,165.87	2,791.18	2,440.75	-12.56%
Market Capitalization (Ksh. Bn.)	2,045.82	2,003.06	1,908.66	1,861.17	1,942.07	1,961.07	2,022.62	2,058.13	2,048.83	-0.45%
Bonds Turnover (Ksh. Millions)	3,623.15	2,982.48	6,586.95	4,508.25	13,221.72	4,275.05	7,011.40	5,167.30	1,978.40	-61.71%
FTSE NSE Kenya 15 Index	191.03	187.38	177.66	181.93	180.26	180.86	184.50	186.17	187.51	0.72%
FTSE NSE Kenya 25 Index	190.52	187.05	177.21	181.54	179.58	180.59	184.50	185.47	286.94	0.79%
FTSE NSE Bond Index	90.53	90.53	90.32	90.32	90.13	89.93	89.89	90.17	90.87	0.78%

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 marginally higher at 0.7 percent and 0.8 percent, respectively. Similarly, the FTSE Government Bond Index showed a marginal increase of 0.8 percent over the week ending 26 November 2015, reflecting a slight decrease in the secondary market yields.

Telecommunication and Technology, Banking and Manufacturing and Allied sectors showed the highest levels of activity at 40.5 percent, 32.1 percent and 7.8 percent of the total shares traded, respectively. The Investment Services sector was the least active with 235,400 shares traded over the week.

The Bond Market

Total bonds traded declined by 61.7 percent in the week ending 26 November 2015, to close at KSh 1,978.40 million. This can be attributed to the issuance of a new bond value date 30/11/2015 and the holiday effect. The number of deals traded also declined to 20 from 59 of the week earlier.

TABLE 5: PERFORMANCE OF TREASURY BILL AUCTIONS

91-Day Treasury Bills						
Date of Auction	22-Oct-15	29-Oct-15	05-Nov-15	12-Nov-15	19-Nov-15	26-Nov-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	6,000.0	6,000.0
Bids received (Ksh M)	14,795.4	33,051.2	44,612.9	22,848.5	4,686.5	4,478.9
Amount Accepted (Ksh M)	12,361.0	6,905.7	7,305.4	8,369.8	4,666.4	3,992.6
Maturities (Ksh M)	1,168.0	892.5	704.5	1,749.1	1,868.1	3,298.5
Average interest Rate (%) - 91 Days	22.5	19.5	13.8	9.7	9.6	9.2
182-Day Treasury Bills						
Date of Auction	21-Oct-15	28-Oct-15	04-Nov-15	11-Nov-15	18-Nov-15	25-Nov-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	6,000.0	6,000.0
Bids received (Ksh M)	4,877.7	19,197.6	32,892.3	22,770.3	9,303.1	473.9
Amount Accepted (Ksh M)	4,868.7	5,601.3	5,646.5	8,620.4	7,445.8	473.9
Maturities (Ksh M)	5,252.6	666.5	423.2	1,333.2	279.9	390.2
Average interest Rate (%) - 182 days	22.3	21.0	16.5	12.3	10.2	10.1
364-Day Treasury Bills						
Date of Auction	21-Oct-15	28-Oct-15	04-Nov-15	11-Nov-15	18-Nov-15	25-Nov-15
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	6,000.0	6,000.0
Bids received (Ksh M)	20,640.7	40,900.4	50,314.0	23,189.2	4,640.1	1,157.9
Amount Accepted (Ksh M)	16,259.3	7,071.6	8,981.3	7,920.5	7,920.5	1,157.9
Maturities (Ksh M)	1,946.4	7,147.4	8,228.3	6,104.5	6,104.5	2,555.4
Average interest Rate (%) - 364 days	22.4	21.2	17.1	13.6	12.1	11.9
Treasury Bonds						
Date of Auction						
Tenor	FXD 2/2015/1					5 Year FXD
Amount offered (Ksh M)	20,000.0					20,000.0
Bids received (Ksh M)	31,479.8					32,997.9
Amount Accepted (Ksh M)	20,490.0					30,700.4
Maturities (Ksh M)	0.0					9,193.7
Average interest Rate (%)	23.0					13.9

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15	13-Nov-15	20-Nov-15
1. Treasury Bills (Excluding Repos)	268.00	282.90	291.85	321.69	334.89	349.55	366.93
(As % of total securities)	20.38	21.27	21.80	23.16	23.88	24.67	25.58
2. Treasury Bonds	1046.94	1046.94	1046.94	1067.42	1067.42	1067.42	1067.42
(As % of total securities)	79.62	78.73	78.20	76.84	76.12	75.33	74.42
3. Total Securities (1+2)	1,314.94	1,329.84	1,338.78	1,389.11	1,402.31	1,416.97	1,434.35
4. Overdraft at Central Bank	40.59	29.24	46.37	36.87	34.21	21.79	17.62
5. Other Domestic debt*	28.82	28.52	28.54	28.54	28.53	28.52	28.01
6. Gross Domestic Debt (3+4+5)	1,384.34	1,387.59	1,413.69	1,454.53	1,465.05	1,467.27	1,479.97

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Res

Source: Central Bank of Kenya

CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15	13-Nov-15	20-Nov-15
Treasury bills (Excluding Repos)	19.4	20.4	20.6	22.1	22.9	23.8	24.8
Treasury bonds	75.6	75.4	74.1	73.4	72.9	72.7	72.1
CBK Overdraft to Govt	2.9	2.1	3.3	2.5	2.3	1.5	1.2
Other domestic debt	2.1	2.1	2.0	2.0	1.9	1.9	1.9
TOTAL	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

	09-Oct-15	16-Oct-15	23-Oct-15	30-Oct-15	06-Nov-15	13-Nov-15	20-Nov-15
Banking Institutions	55.7	55.1	55.2	55.5	55.4	55.0	55.3
Insurance Companies	8.8	8.8	8.7	8.8	8.7	8.7	8.6
Parastatals	4.8	4.8	4.7	4.7	4.6	4.6	4.7
Pension funds	25.1	25.5	24.8	25.2	25.3	25.6	25.4
Other investors	5.7	5.8	6.7	5.9	6.0	6.1	6.0
Total	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)

	15-Oct-15	22-Oct-15	29-Oct-15	05-Nov-15	12-Nov-15	19-Nov-15	25-Nov-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,254	6,435	6,563	6,905	6,797	6,754	6,749
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	3.98	4.10	4.18	4.40	4.33	4.30	4.30

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya