



OCTOBER 30, 2015

## Highlights

*The money market was relatively liquid during the week ending October 28, 2015 supported by government payments and reverse repo purchases. Consequently, the average interbank rate declined to 13.6 percent in the week ending October 28, 2015 from 14.3 percent in the previous week.*

*The capital market recorded mixed performance in the equity and bond segments in the week ending October 30, 2015.*

## Monetary Policy Operations

**T**he money market was relatively liquid during the week ending October 28, 2015 supported largely by government payments and reverse repo purchases. Reserve money averaged KSh 407.2 billion during the week ending October 28, 2015 and was KSh 43.0 billion above target (**Table 1**).

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

	22-Oct-15	23-Oct-15	26-Oct-15	27-Oct-15	28-Oct-15	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection</b>	<b>10.0</b>	<b>26.5</b>	<b>30.6</b>	<b>20.5</b>	<b>26.0</b>	<b>113.6</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	11.6	0.0	0.0	15.8	27.4
Term Auction Deposit maturities	5.0	1.0	7.5	7.0	0.0	20.5
T/bills redemptions	0.0	0.0	8.4	0.0	0.0	8.4
T/bills rediscounts	0.1	0.0	0.0	0.0	0.0	0.1
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	6.6	0.0	0.0	6.6
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	1.6	8.4	8.2	10.5	9.1	37.7
<b>Total liquidity reduction</b>	<b>11.6</b>	<b>10.7</b>	<b>57.7</b>	<b>3.6</b>	<b>17.9</b>	<b>101.7</b>
T/bills (Primary issues)	0.0	0.0	33.5	0.0	0.0	33.5
Tbonds Sales	0.0	0.0	20.5	0.0	0.0	20.5
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	15.9	15.9
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	9.5	7.5	3.3	3.6	2.0	25.9
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-1.6</b>	<b>15.7</b>	<b>-27.2</b>	<b>16.9</b>	<b>8.1</b>	<b>11.9</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	0.0	10.0	0.0	0.0	16.0	26.0
<b>Realised Amount</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>15.9</b>	<b>15.9</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	0.0	0.0	0.0	15.9	15.9
<b>Reserve Money Position</b>						
Reserve money (actual)	401.0	418.2	391.7	408.5	416.6	407.2
Reserve money target	364.1	364.1	364.2	364.2	364.2	364.2
Deviation from target	<b>36.9</b>	<b>54.0</b>	<b>27.5</b>	<b>44.2</b>	<b>52.4</b>	<b>43.0</b>
Commercial banks excess reserves Exc(+)/ Short(-)	49.1	66.9	41.8	57.6	65.0	56.1
Cash outside bank Exc(+)/ Short(-)	<b>-12.2</b>	<b>-12.9</b>	<b>-14.3</b>	<b>-13.4</b>	<b>-12.6</b>	<b>-13.1</b>

Source: Central Bank of Kenya

### Activity in the interbank market

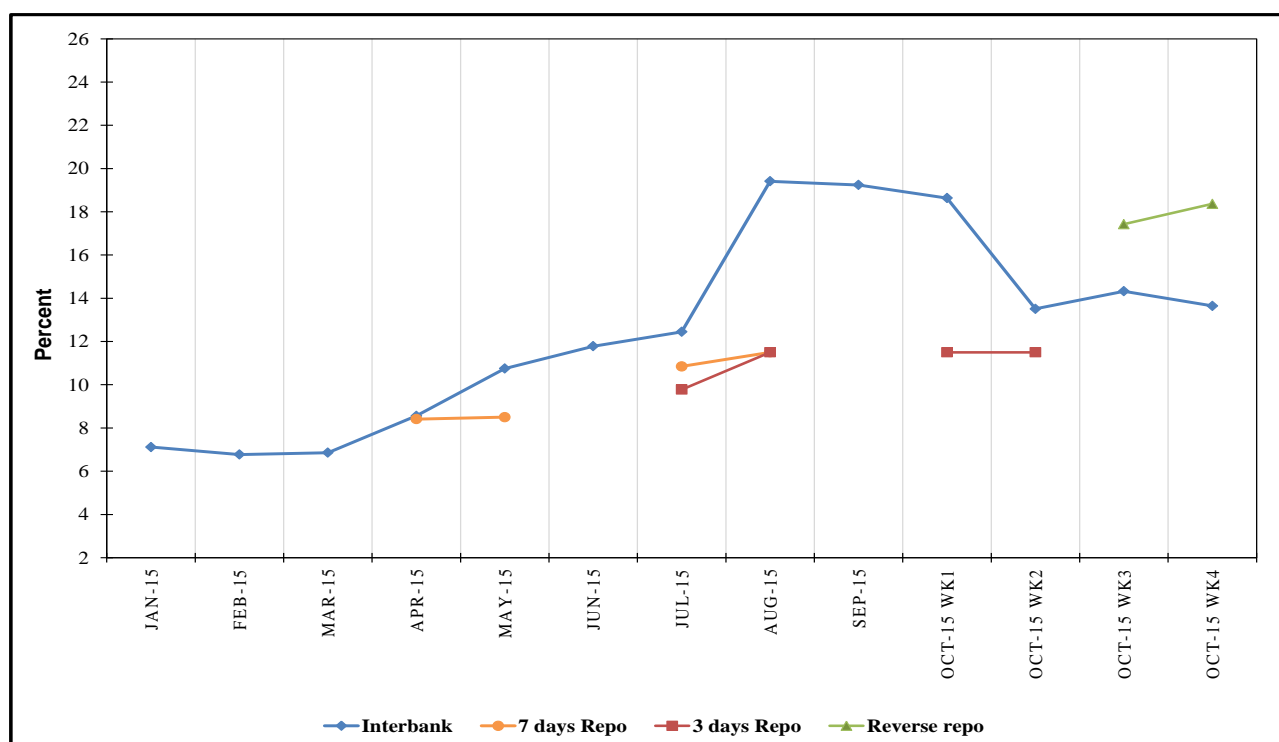
The average interbank rate declined to 13.6 percent in the week ending October 28, 2015 from 14.3 percent in the previous week. The volume transacted increased to KSh 19.3 billion from KSh 17.4 billion traded in the previous week, with the number of deals increasing to 35 from 31. (Table 2 and Chart A).

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

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
15-Oct-15	32	14,021	13.52	
16-Oct-15	37	23,014	13.90	
19-Oct-15	34	15,628	14.82	
21-Oct-15	21	16,742	15.06	17.43
<b>October 15, 2015 - October 21, 2015</b>	<b>31</b>	<b>17,351</b>	<b>14.32</b>	<b>17.43</b>
22-Oct-15	31	20,323	14.42	
23-Oct-15	33	20,402	13.79	18.46
26-Oct-15	30	16,830	13.39	
27-Oct-15	34	18,575	13.32	
28-Oct-15	46	20,469	13.32	18.27
<b>October 22, 2015 - October 28, 2015</b>	<b>35</b>	<b>19,320</b>	<b>13.65</b>	<b>18.36</b>

Source: Central Bank of Kenya

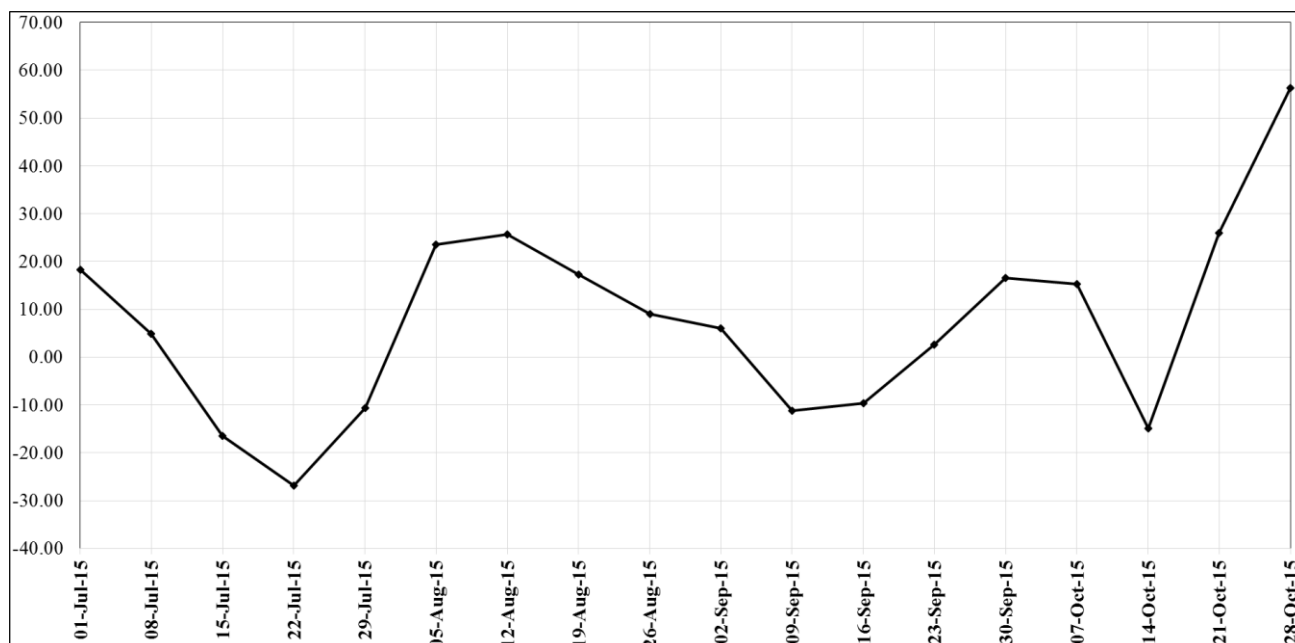
**CHART A: STRUCTURE OF SHORT TERM INTEREST RATES**



Source: Central Bank of Kenya

**Commercial Banks Clearing Account Balances**

Commercial banks’ clearing account recorded a surplus of KSh 56.35 billion in relation to the cash reserve requirement of 5.25 percent (KSh 130.9 billion) in the week ending October 28, 2015 compared to a surplus of KSh 25.97 billion recorded in the previous week (**Chart B**).

**CHART B: WEEKLY AVERAGE DEVIATION FROM CRR IN THE CLEARING ACCOUNT JULY - OCTOBER 2015**


Source: Central Bank of Kenya

### Kenya Shilling Exchange Rate

During the week ending October 29, 2015, the Kenya Shilling exchange rate appreciated against all major international currencies and displayed mixed performance against EAC currencies. It appreciated by 0.61 percent against the US Dollar, 1.34 percent against Pound Sterling, 3.35 percent against the Euro and 1.58 percent against Japanese Yen. In the EAC Region it appreciated against Rwanda and Burundi Francs but depreciated against the Uganda and Tanzania Shillings.

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
16-Oct-15	103.05	159.50	117.38	86.49	35.61	21.20	7.15	15.36
19-Oct-15	102.46	158.16	116.40	85.89	35.63	21.38	7.19	15.13
21-Oct-15	102.12	157.80	115.99	85.12	35.30	21.69	7.29	15.04
22-Oct-15	102.10	157.67	115.79	85.31	35.46	21.65	7.23	15.00
<b>16th Oct -22nd Oct</b>	<b>102.43</b>	<b>158.28</b>	<b>116.39</b>	<b>85.70</b>	<b>35.50</b>	<b>21.48</b>	<b>7.22</b>	<b>15.13</b>
23-Oct-15	102.02	157.28	113.82	84.54	35.43	21.32	7.24	15.09
26-Oct-15	102.16	156.87	113.01	84.40	35.04	21.24	7.39	15.06
27-Oct-15	101.66	156.13	112.40	84.28	34.95	21.35	7.27	15.26
28-Oct-15	101.64	155.54	112.26	84.40	34.73	21.40	7.33	15.31
29-Oct-15	101.56	155.00	110.97	84.10	34.96	21.47	7.28	15.49
<b>23rd oct-29th oct</b>	<b>101.81</b>	<b>156.16</b>	<b>112.49</b>	<b>84.35</b>	<b>35.02</b>	<b>21.35</b>	<b>7.30</b>	<b>15.24</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

## The Capital Market

The equity market segment and the bond market segment in the Nairobi Securities Exchange (NSE) recorded mixed performance during the week under review.

### Equities Market

The NASI and NSE 20 Share Index declined by 0.98 percent and 1.31 percent, respectively in the week ending October 30, 2015. However, equity turnover rose by 127.19 percent on account of a 76.5 percent increase in shares traded. Shareholders' wealth, measured by market capitalization, increased by 4.35 percent to KSh 1, 942.07 million in the period under review (**Table 4**).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	17-Sep-15	24-Sep-15	01-Oct-15	08-Oct-15	15-Oct-15	22-Oct-15	30-Oct-15	Weekly Change
NASI 100= 2008	148.28	148.30	145.65	142.40	135.71	139.43	138.07	-0.98%
NSE 20 Share Index 100= 1996	4,248.95	4,222.55	4,153.00	4,041.35	3,868.18	3,935.88	3,884.13	-1.31%
Number of Deals	7,383.00	6,812.00	4,313.00	6,303.00	7,356.00	5,424.00	6,325.00	16.61%
Total Shares Traded	86.62	67.21	103.42	100.14	143.73	98.17	173.26	76.50%
Equity Turnover (Ksh. Millions)	2,397.31	1,673.08	4,376.86	3,276.09	4,308.84	2,961.71	6,728.85	127.19%
Market Capitalization (Ksh. Bn.)	2,082.84	2,079.94	2,045.82	2,003.06	1,908.66	1,861.17	1,942.07	4.35%
Bonds Turnover (Ksh. Millions)	2,882.55	1,389.42	3,623.15	2,982.48	6,586.95	4,508.25	13,221.72	193.28%
FTSE NSE Kenya 15 Index	195.49	195.09	191.03	187.38	177.66	181.93	180.26	-0.92%
FTSE NSE Kenya 25 Index	195.29	194.81	190.52	187.05	177.21	181.54	179.58	-1.08%
FTSE NSE Bond Index	95.70	90.41	90.53	90.53	90.32	90.32	90.13	-0.21%

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 respectively, closed the week 0.92 percent and 1.08 percent lower compared to the previous week. The FTSE Government Bond Index declined marginally by 0.21 percent in the week reflecting a rise in the secondary market yields.

The banking sector was the most active over the week ending October 29, 2015 with 66.97 percent of shares traded. This was followed by the Telecommunication & Technology and Energy and Petroleum sectors at 15.72 percent and 6.8 percent of the total shares traded, respectively. The Agricultural sector was the least active with 32,700 shares traded.

### The Bond Market

The bond market activity rose significantly by 193.28 percent from KSh 4, 508.25 million to KSh 1, 3221.72 million in the week under review. The number of deal rose to 82 compared to 78 deals traded the previous week. The increase in activity during the week may be attributed to the secondary trading of the FXD2/2015/1 Budgetary Support Bond, which commenced on Tuesday, October 27, 2015.

# CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

**TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES AUCTIONS**

91-Day Treasury Bills								
Date of Auction	10-Sep-15	17-Sep-15	24-Sep-15	01-Oct-15	08-Oct-15	15-Oct-15	22-Oct-15	29-Oct-15
Amount offered (Ksh M)	3,000.0	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)	8,473.4	3,781.1	5,140.3	8,684.9	17,095.4	14,738.0	14,795.4	33,051.2
Amount Accepted (Ksh M)	7,512.8	3,062.4	4,901.7	7,682.4	12,637.8	12,996.7	12,361.0	6,905.7
Maturities (Ksh M)	2,128.2	1,089.8	507.0	1,275.5	1,214.9	3,416.0	1,168.0	892.5
Average interest Rate (%) - 91 Days	13.9	14.5	18.6	20.6	21.4	22.1	22.5	19.5
182-Day Treasury Bills								
Date of Auction	09-Sep-15	16-Sep-15	23-Sep-15	30-Sep-15	07-Oct-15	14-Oct-15	21-Oct-15	28-Oct-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)	5,176.2	352.4	212.2	2,595.1	5,670.2	3,736.4	4,877.7	19,197.6
Amount Accepted (Ksh M)	4,213.7	352.4	221.2	2,595.1	5,294.5	2,342.7	4,868.7	5,601.3
Maturities (Ksh M)	5,829.6	3,640.4	4,727.4	3,841.5	4,846.9	4,997.2	5,252.6	666.5
Average interest Rate (%) - 182 days	12.9	13.9	14.6	20.3	21.6	21.8	22.3	21.0
364-Day Treasury Bills								
Date of Auction	09-Sep-15	16-Sep-15	23-Sep-15	30-Sep-15	07-Oct-15	14-Oct-15	21-Oct-15	28-Oct-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)	6,162.9	2,713.4	472.4	3,167.5	12,628.5	12,557.3	20,640.7	40,900.4
Amount Accepted (Ksh M)	5,318.6	2,630.7	395.5	3,043.2	8,914.2	7,877.2	16,259.3	7,071.6
Maturities (Ksh M)	9,932.8	6,911.8	6,896.1	8,122.3	8,986.4	8,508.5	1,946.4	7,147.4
Average interest Rate (%) - 364 days	14.9	15.8	16.3	20.7	21.5	21.9	22.4	21.2
Treasury Bonds								
Date of Auction								
Tenor			FXD 1/2015/1				FXD 2/2015/1	
Amount offered (Ksh M)			30,000.0				20,000.0	
Bids received (Ksh M)			26,505.8				31,479.8	
Amount Accepted (Ksh M)			24,970.1				20,490.0	
Maturities (Ksh M)			19,121.2				0.0	
Average interest Rate (%)			19.1				23.0	

Source: Central Bank of Kenya

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

	14-Aug-15	21-Aug-15	28-Aug-15	04-Sep-15	11-Sep-15	18-Sep-15	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15
1. Treasury Bills (Excluding Repos)	294.33	290.58	289.97	286.43	277.83	278.30	272.93	266.60	268.00	282.90	291.85
(As % of total securities)	21.92	21.71	21.77	21.55	21.05	21.78	20.76	20.30	20.38	21.27	21.80
2. Treasury Bonds	1048.17	1048.17	1041.80	1042.80	1041.80	999.67	1041.80	1046.94	1046.94	1046.94	1046.94
(As % of total securities)	78.08	78.29	78.23	78.45	78.95	78.22	79.24	79.70	79.62	78.73	78.20
3. Total Securities (1+2)	1,342.50	1,338.75	1,331.76	1,329.23	1,319.63	1,277.97	1,314.73	1,313.53	1,314.94	1,329.84	1,338.78
4. Overdraft at Central Bank	35.88	29.14	36.76	40.71	45.51	33.26	43.29	40.78	40.59	29.24	46.37
5. Other Domestic debt*	29.85	29.86	29.85	28.85	28.80	28.79	28.80	28.81	28.82	28.52	28.54
6. Gross Domestic Debt (3+4+5)	1,408.23	1,397.75	1,398.37	1,398.79	1,393.93	1,340.03	1,386.82	1,383.12	1,384.34	1,387.59	1,413.69

\* 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**

	28-Aug-15	04-Sep-15	11-Sep-15	18-Sep-15	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15
Treasury bills (Excluding Repos)	20.7	20.5	19.9	20.8	19.7	19.3	19.4	20.4	20.6
Treasury bonds	74.5	74.5	74.7	74.6	75.1	75.7	75.6	75.4	74.1
CBK Overdraft to Govt	2.6	2.9	3.3	2.5	3.1	2.9	2.9	2.1	3.3
Other domestic debt	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
<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>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	14-Aug-15	21-Aug-15	28-Aug-15	04-Sep-15	11-Sep-15	18-Sep-15	25-Sep-15	02-Oct-15	09-Oct-15	16-Oct-15	23-Oct-15
Banking Institutions	57.6	57.0	57.3	57.2	56.8	57.1	56.5	56.1	55.7	55.1	55.2
Insurance Companies	8.8	9.1	8.8	8.8	8.9	8.7	8.7	8.8	8.8	8.8	8.7
Parastatals	4.1	4.1	4.3	4.3	4.4	4.8	4.7	4.8	4.8	4.8	4.7
Pension funds	25.3	25.6	25.2	25.3	25.0	25.2	25.3	25.0	25.1	25.5	24.8
Other investors	4.2	4.3	4.3	4.4	4.9	4.3	4.8	5.4	5.7	5.8	6.7
<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>	<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)**

	02-Jul-15	30-Jul-15	06-Aug-15	13-Aug-15	20-Aug-15	10-Sep-15	17-Sep-15	24-Sep-15	01-Oct-15	08-Oct-15	15-Oct-15	22-Oct-15	29-Oct-15
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	6,658	6,434	6,400	6,390	6,386	6,252	6,195	6,180	6,112	6,207	6,254	6,435	6,563
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.21	4.07	4.06	4.05	4.05	3.98	3.94	3.93	3.89	3.95	3.98	4.10	4.18

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya