



APRIL 29, 2016

Highlights

The money market liquidity was high and stable during the week ending April 27, 2016. The average interbank rate rose to 3.75 percent from 3.47 percent in the previous week.

Overall, capital markets recorded mixed performance in the week ending 28 April 2016.

Monetary Policy Operations

Liquidity in the money market remained high and little changed during the week ending April 27, 2016. Liquidity injection through net OMO maturities and government payments was fully offset by withdrawal through tax remittances by commercial banks and net inflows to Government through operations in treasury securities. Reserve money stood at KSh 395.0 billion on April 27, 2016 (**Table 1**).

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

	21-Apr-16	22-Apr-16	25-Apr-16	26-Apr-16	27-Apr-16	Total
Liquidity Flows						
Total liquidity injection	11.8	21.8	44.9	12.6	13.4	104.4
Repos Maturities	0.0	20.0	0.0	0.0	0.0	20.0
Reverse Repo Purchases	1.6	0.0	0.4	2.1	0.4	4.5
Term Auction Deposit maturities	4.7	0.0	12.0	8.6	0.0	25.3
T/bills redemptions	0.0	0.0	9.7	0.0	0.0	9.7
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	10.2	0.0	0.0	10.2
T/bonds Interest	0.0	0.0	8.9	0.0	0.0	8.9
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	3.0	1.8	3.6	1.9	13.0	23.3
Total liquidity reduction	16.5	37.5	47.6	4.9	3.0	109.5
T/bills (Primary issues)	0.0	0.0	24.6	0.0	0.0	24.6
Tbonds Sales	0.0	0.0	19.5	0.0	0.0	19.5
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	5.0	0.0	0.0	0.0	5.0
Reverse Repos maturities	0.0	0.0	0.0	0.8	0.3	1.1
Term Auction Deposit	0.0	15.0	0.0	0.0	0.0	15.0
Transfer from Banks -Taxes	16.5	17.5	3.4	4.0	2.6	44.0
Net liquidity injection (+)/Withdrawal (-)	-4.7	-15.8	-2.8	7.7	10.4	-5.1
Open Market Operations Outcome						
Posted Amount	0.0	20.0	0.0	5.0	0.0	25.0
Realised Amount	1.6	20.0	0.4	2.1	0.4	24.5
Repo (-)	0.0	5.0	0.0	0.0	0.0	5.0
Term Auction Deposits (-)	0.0	15.0	0.0	0.0	0.0	15.0
Reverse Repo (+)	1.6	0.0	0.4	2.1	0.4	4.5
Reserve Money Position						
Reserve money (actual)	387.6	375.0	373.6	384.2	395.0	

Source: Central Bank of Kenya

Activity in the Interbank Market

The average interbank rate rose to 3.75 percent in the week ending April 27, 2016 from 3.47 percent in the previous week. The number of interbank market deals and volumes traded also increased. The reverse repo rate declined to 11.70 percent during the week compared to 12.43 percent recorded in the previous week, while the 7-days average repo rate rose marginally to 5.80 percent in the week under review (Table 2 and Chart A).

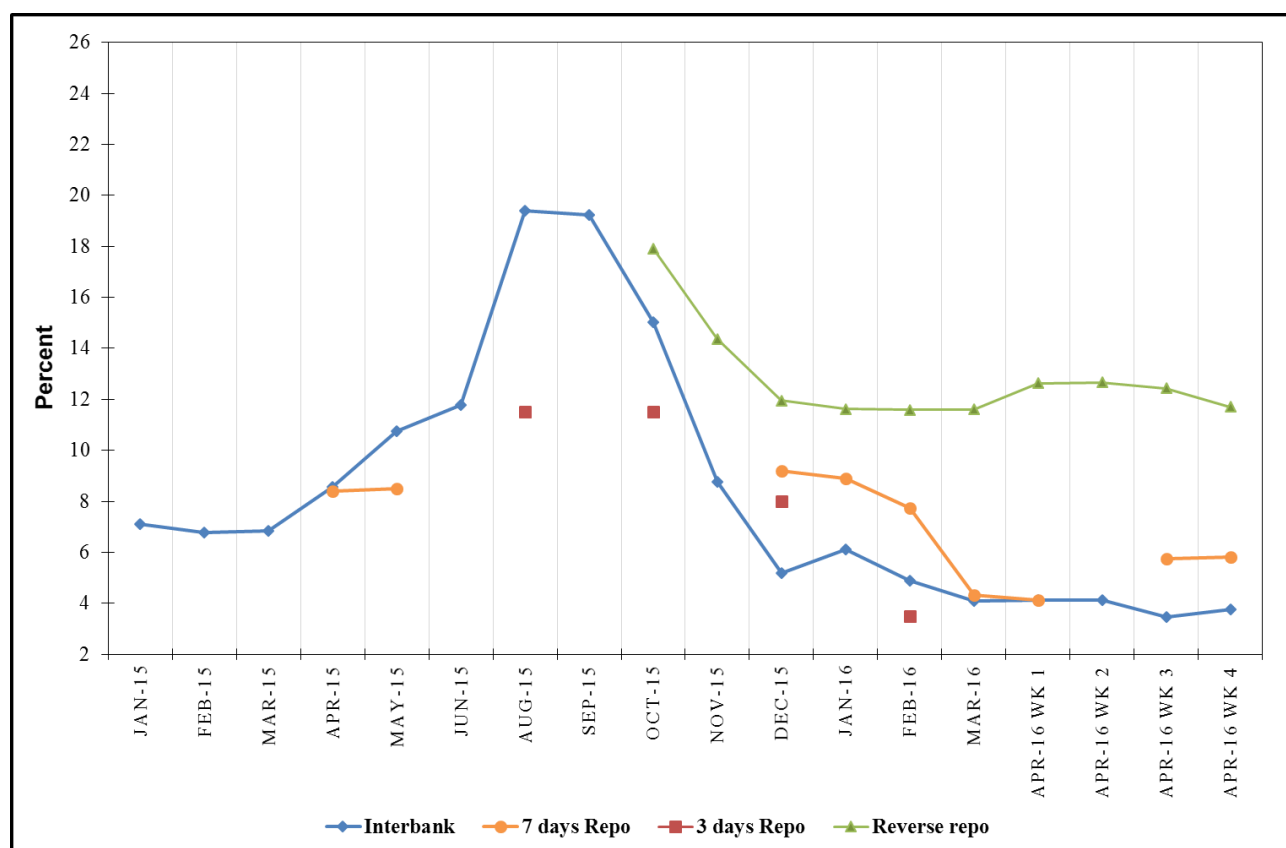
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TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)

Date	Number of deals	Value (Ksh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)	Reverse Repo Rate (%)
14-Apr-16	10	8,300	3.66		12.54
15-Apr-16	9	5,100	3.61	5.75	
18-Apr-16	6	4,180	3.32		
19-Apr-16	6	3,535	3.43		12.32
20-Apr-16	6	3,450	3.34		
April 14, 2016 - April 20, 2016	7	4,913	3.47	5.75	12.43
21-Apr-16	6	1,710	3.79		
22-Apr-16	12	8,780	3.73	5.80	
25-Apr-16	13	6,800	3.78		
26-Apr-16	15	10,050	3.78		11.70
27-Apr-16	11	3,950	3.68		
April 21, 2016 - April 27, 2016	11	6,258	3.75	5.80	11.70

Source: Central Bank of Kenya

CHART A: STRUCTURE OF SHORT-TERM INTEREST RATES

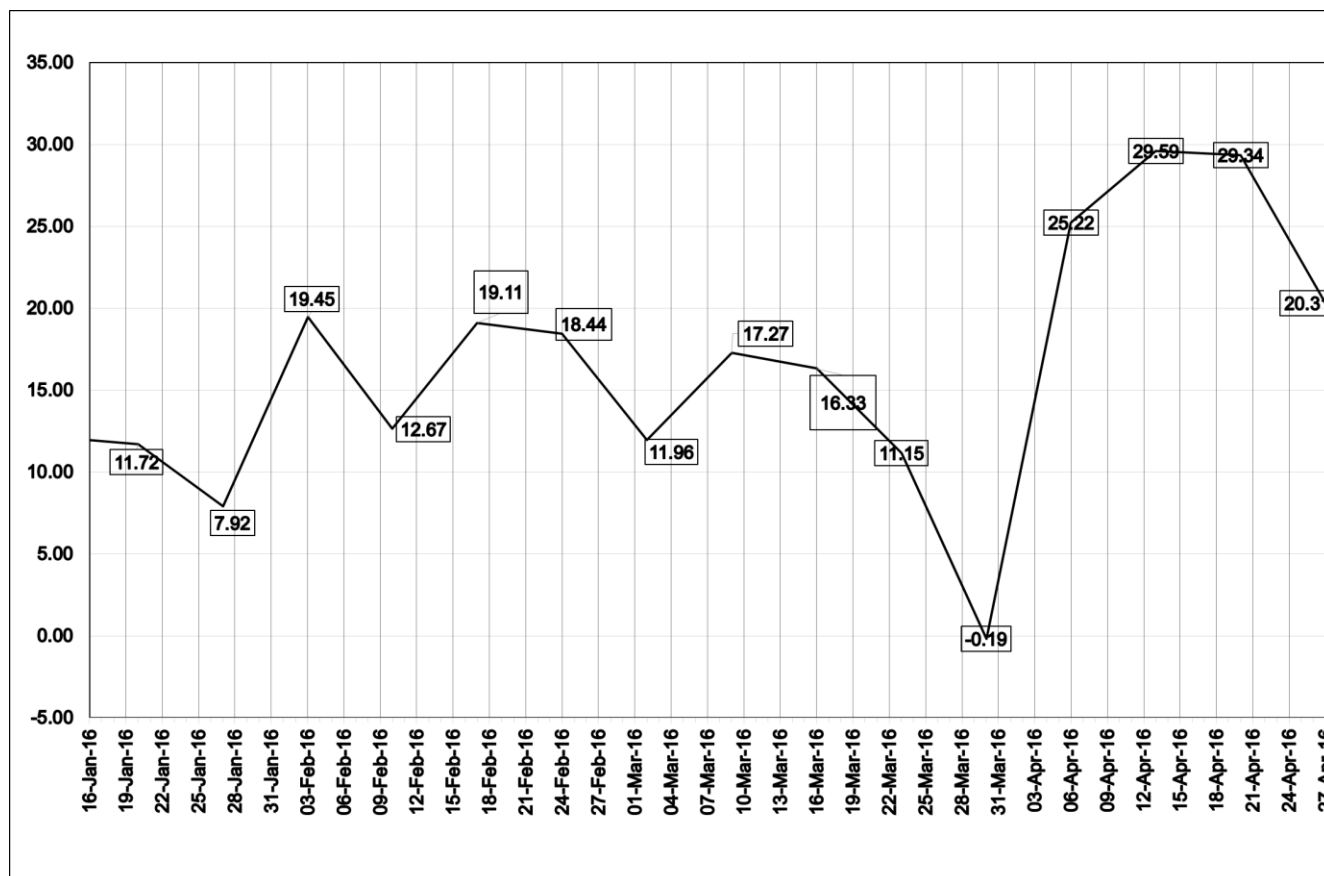


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks' clearing account balances declined to KSh 20.31 billion in the week ending April 27, 2016 from KSh 29.3 billion recorded in the previous week (**Chart B**).

HART B: WEEKLY AVERAGE DEVIATION FROM CRR IN THE CLEARING ACCOUNT



Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate displayed mixed performance against major international and regional currencies during the week ending 28th April 2016. The Shilling strengthened against the Euro and the Japanese Yen, stabilized against the USD but weakened against the Sterling Pound. In the EAC region the Kenya Shilling strengthened against the Tanzania Shilling and Burundi Franc and weakened against the Uganda Shilling and Rwanda Franc.

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
15-Apr-16	101.17	143.01	114.04	92.81	33.02	21.65	7.38	15.41
18-Apr-16	101.22	143.59	114.44	93.75	33.00	21.64	7.65	15.31
19-Apr-16	101.20	143.76	114.37	93.03	32.93	21.64	7.66	15.27
20-Apr-16	101.16	145.72	115.07	92.98	32.94	21.65	7.67	15.25
21-Apr-16	101.13	145.58	114.77	92.50	32.84	21.70	7.38	15.47
15-21 April 2016	101.18	144.33	114.54	93.01	32.94	21.66	7.55	15.34
22-Apr-16	101.14	145.06	114.93	92.37	32.68	21.70	7.38	15.39
25th-April-16	101.21	145.87	113.91	90.84	32.70	21.76	7.38	15.39
26th-April-16	101.22	146.63	113.91	91.13	32.95	21.77	7.38	15.38
27th-April-16	101.20	148.00	114.67	91.14	33.10	21.75	7.38	15.46
28th-April-16	101.18	147.28	114.69	92.90	33.11	21.74	7.68	15.25
22-28 April 2016	101.19	146.57	114.42	91.67	32.91	21.74	7.44	15.38

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Capital Markets

The Nairobi Securities Exchange recorded mixed performance in the equities and bond market segments during the week ending April 28, 2016.

Equities Market

Average share prices declined marginally with NASI closing 0.58 percent. The decline was uneven as the NSE 25 and NSE 20 share price indices recorded marginal gains of 0.59 percent and 0.54 percent during the week ending April 28, 2016.

Reflecting the decline in NASI, market capitalisation and equity turnover closed 0.58 percent and 16.7 percent lower (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	17-Mar-16	24-Mar-16	31-Mar-16	07-Apr-16	14-Apr-16	21-Apr-16	28-Apr-16	Weekly Change (%)
NASI 100= 2008	145.72	147.25	147.44	147.44	145.23	147.41	146.56	-0.58
NSE 25 Share Index	4,230.84	4,260.12	4,261.05	4,257.39	4,153.65	4,215.12	4,239.83	0.59
NSE 20 Share Index 100= 1996	3,927.65	3,991.95	3,982.09	4,054.29	3,901.45	3,968.75	3,990.20	0.54
Number of Deals	6,872.00	6,085.00	4,544.00	5,890.00	6,056.00	5,994.00	5,851.00	-2.39
Total Shares Traded (Millions)	126.56	123.27	72.50	71.96	71.39	122.34	101.93	-16.68
Equity Turnover (Ksh. Millions)	3,446.04	2,905.90	1,547.17	2,335.40	2,013.08	3,220.17	2,199.68	-31.69
Market Capitalization (Ksh. Bn.)	2,053.93	2,075.40	2,078.28	2,078.25	2,047.08	2,077.84	2,065.77	-0.58
I-REIT Turnover in (Ksh.Millions)	3.01	2.22	14.69	0.66	2.15	4.57	2.70	-40.90
I-REIT in Units - Total Deals	61.00	40.00	98.00	21.00	49.00	61.00	39.00	-36.07
Bonds Turnover (Ksh. Millions)	17,134.95	4,170.55	8,242.90	7,183.65	14,546.30	5,806.50	10,719.64	84.61
FTSE NSE Kenya 15 Index	185.70	185.11	185.17	186.41	182.72	183.27	187.39	2.25
FTSE NSE Kenya 25 Index	185.57	185.60	185.47	186.14	183.25	183.74	187.31	1.94
FTSE NSE Bond Index	89.39	89.46	89.28	89.08	88.69	88.61	87.13	-1.67

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series, REITS and Most Active Sectors

The FTSE NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measures performance of 15 largest companies by market capitalisation and 25 most liquid stocks at the NSE respectively, rose by 2.25 percent and 1.94 percent. This reflects improved prices of shares that constitute the two indices. Telecommunication and Technology, Banking and Energy and Petroleum sectors dominated trading during the week, accounting for 75.54 percent of all shares traded. The Real Estate Investment Trust sector was less active.

The Bond Market

The volume of bonds traded rose by 84.6 percent in the week ending April 28, 2016, driven by a very active Sell-Buyback window and investor interest in a 5-year bond FXD1/2016/5 that was highly oversubscribed. The FTSE Government Bond Index declined by 1.67 percent, reflecting slight increase in market yields.

TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES

91-Day Treasury Bills						
Date of Auction	25-Feb-16	31-Mar-16	07-Apr-16	14-Apr-16	21-Apr-16	28-Apr-16
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)	10,996.2	1,160.2	5,581.4	18,687.0	22,519.0	16,656.1
Amount Accepted (Ksh M)	8,363.1	1,160.2	5,203.6	9,741.0	8,909.9	12,402.4
Maturities (Ksh M)	4,075.0	1,358.0	2,849.5	4,833.3	2,734.3	8,365.5
Average interest Rate (%) - 91 Days	9.3	9.0	9.0	8.9	8.8	8.5
182-Day Treasury Bills						
Date of Auction	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16	20-Apr-16	27-Apr-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	9,785.8	2,547.2	12,324.7	11,223.7	17,549.9	16,280.5
Amount Accepted (Ksh M)	5,159.8	1,951.1	6,957.1	7,858.2	8,891.9	9,052.6
Maturities (Ksh M)	815.8	2,856.4	5,861.1	2,588.7	5,353.9	6,185.7
Average interest Rate (%) - 182 days	11.9	10.7	10.8	10.9	10.7	10.5
364-Day Treasury Bills						
Date of Auction	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16	20-Apr-16	27-Apr-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	7,352.2	4,365.8	10,658.7	9,529.6	9,083.0	10,180.4
Amount Accepted (Ksh M)	7,335.1	4,365.8	6,559.0	7,789.4	6,788.2	8,004.7
Maturities (Ksh M)	7,471.0	6,451.1	5,362.1	4,163.1	1,605.8	1,379.2
Average interest Rate (%) - 364 days	13.3	11.9	11.9	11.8	11.8	11.7
Treasury Bonds						
Date of Auction					20-Apr-16	
Tenor	FXD 1/2012/10				FXD1/2016/5	
Amount offered (Ksh M)	25,000.0				20,000.0	
Bids received (Ksh M)	53,854.8				36,346.9	
Amount Accepted (Ksh M)	30,297.2				19,545.6	
Maturities (Ksh M)	0.0				10,241.4	
Average interest Rate (%)	14.3				14.3	

Source: Central Bank of Kenya

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TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	31-Dec-15	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16	15-Apr-16	22-Apr-16
1. Treasury Bills (Excluding Repos)	390.75	378.82	420.76	462.85	472.89	470.35	476.23	491.56
(As % of total securities)	26.71	26.03	28.27	29.70	30.15	30.04	30.30	30.98
2. Treasury Bonds	1,072.32	1,076.60	1,067.83	1,095.37	1,095.37	1,095.37	1,095.37	1,095.37
(As % of total securities)	73.29	73.97	71.73	70.30	69.85	69.96	69.70	69.02
3. Total Securities (1+2)	1,463.07	1,455.42	1,488.59	1,558.23	1,568.27	1,565.72	1,571.60	1,586.94
4. Overdraft at Central Bank	39.85	35.67	43.58	37.74	46.46	41.60	41.60	25.89
5. Other Domestic debt*	28.28	31.68	31.96	31.69	31.74	31.69	31.78	31.79
6. Gross Domestic Debt (3+4+5)	1,531.20	1,522.77	1,564.13	1,627.66	1,646.46	1,639.01	1,644.99	1,644.62

* 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

	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16	15-Apr-16	22-Apr-16
Treasury bills (Excluding Repos)	24.9	26.9	28.4	28.7	28.7	29.0	29.9
Treasury bonds	70.7	68.3	67.3	66.5	66.8	66.6	66.6
CBK Overdraft to Govt	2.3	2.8	2.3	2.8	2.5	2.5	1.6
Other domestic debt	2.1	2.0	1.9	1.9	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

	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16	15-Apr-16	22-Apr-16
Banking Institutions	54.8	55.5	55.7	56.1	55.8	55.8	55.5
Insurance Companies	8.6	8.3	8.2	8.1	8.1	8.1	8.1
Parastatals	4.7	4.7	4.7	4.7	4.8	4.8	4.8
Pension funds	25.7	25.4	25.5	25.3	25.4	25.4	25.7
Other investors	6.2	6.1	5.9	5.8	5.9	5.8	5.9
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)

	18-Feb-16	25-Feb-16	03-Mar-16	10-Mar-16	17-Mar-16	24-Mar-16	31-Mar-16	07-Apr-16	14-Apr-16	21-Apr-16	28-Apr-16
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	7,127	7,162	7,214	7,332	7,352	7,370	7,377	7,411	7,510	7,557	7,618
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.56	4.58	4.62	4.69	4.70	4.72	4.72	4.74	4.89	4.92	4.96

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya