



APRIL 15, 2016

Highlights

The money market remained liquid during the week ending April 13, 2016 and the average interbank rate rose marginally to 4.14 percent in the week ending April 13, 2016 from 4.11 percent in the previous week

Overall, capital markets recorded mixed performance in the week ending April 14, 2016.

Monetary Policy Operations

The money market was liquid during the week ending April 13, 2016, supported by OMO maturities and reverse repo purchases. CBK reinforced liquidity distribution in the interbank money market through the reverse repos after a local bank was placed under receivership (**Table 1**).

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

	7-Apr-16	8-Apr-16	11-Apr-16	12-Apr-16	13-Apr-16	Total
Liquidity Flows						
Total liquidity injection	13.5	18.0	26.1	14.8	8.8	81.1
Repos Maturities	0.0	1.5	0.0	0.0	0.0	1.5
Reverse Repo Purchases	10.5	3.2	4.1	9.0	3.1	29.8
Term Auction Deposit maturities	0.0	4.5	0.0	0.0	0.0	4.5
T/bills redemptions	0.0	0.0	14.1	0.0	0.0	14.1
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	2.7	6.7	5.3	3.7	3.7	22.2
Total liquidity reduction	5.3	6.2	25.6	10.1	7.6	54.7
T/bills (Primary issues)	0.0	0.0	18.7	0.0	0.0	18.7
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	2.0	0.0	0.0	1.3	2.7	5.9
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	3.2	6.1	6.5	8.7	4.9	29.5
Net liquidity injection (+)/Withdrawal (-)	8.2	11.8	0.5	4.7	1.2	26.4
Open Market Operations Outcome						0.0
Posted Amount	20.0	5.0	10.0	10.0	10.0	55.0
Realised Amount	10.5	3.2	4.1	9.0	3.1	29.8
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 (+)	10.5	3.2	4.1	9.0	3.1	29.8
Reserve Money Position						
Reserve money (actual)	392.5	401.2	399.0	403.5	405.4	400.3

Source: Central Bank of Kenya

Activity in the Interbank Market

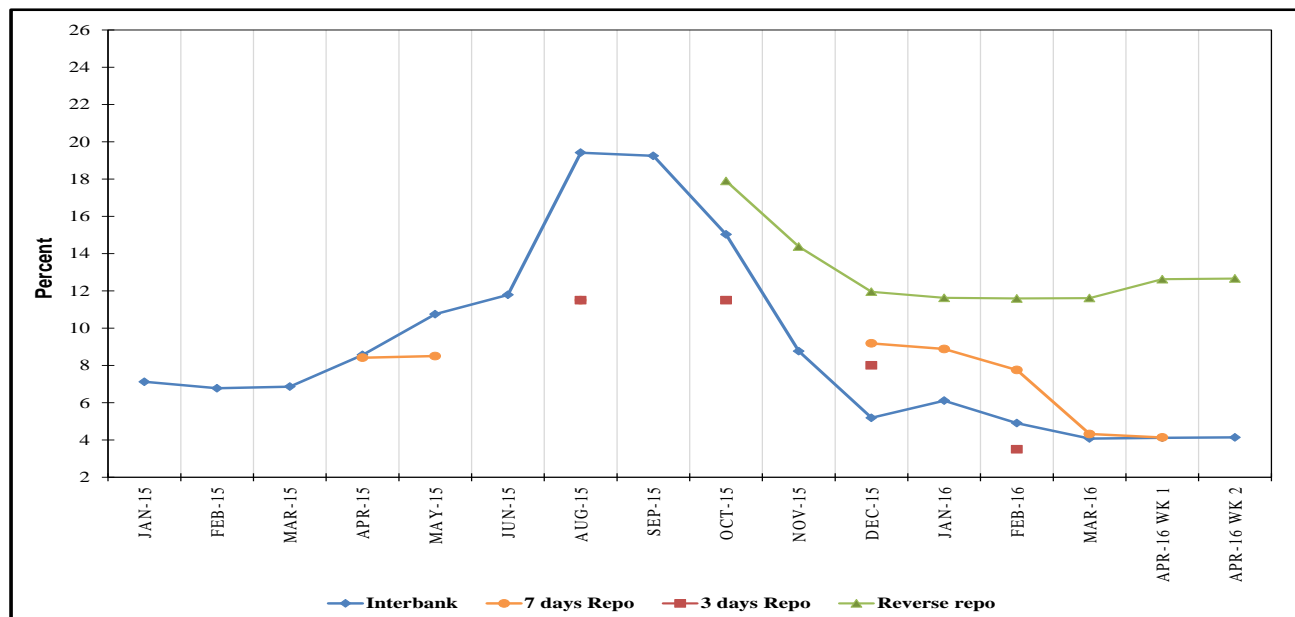
The average interbank rate rose marginally to 4.14 percent in the week ending April 13, 2016 from 4.11 percent in the previous week. However, the number of the interbank market deals and volumes traded declined as banks traded cautiously. The reverse repos rate rose a marginally to 12.66 percent during the week compared to 12.62 percent recorded 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 (%)
31-Mar-16	25	13,085	3.75	
1-Apr-16	23	9,615	4.32	
4-Apr-16	19	6,035	4.24	
5-Apr-16	22	8,635	4.45	
6-Apr-16	21	9,540	3.81	12.62
March 31, 2016-April 6, 2016	22	9,382	4.11	12.62
7-Apr-16	10	8,300	3.85	12.43
8-Apr-16	7	4,400	4.14	12.74
11-Apr-16	8	5,250	4.40	12.68
12-Apr-16	6	3,950	4.25	12.74
13-Apr-16	11	5,800	4.04	12.71
April 7, 2016 - April 13, 2016	8	5,540	4.14	12.66

Source: Central Bank of Kenya

CHART A: STRUCTURE OF SHORT-TERM INTEREST RATES

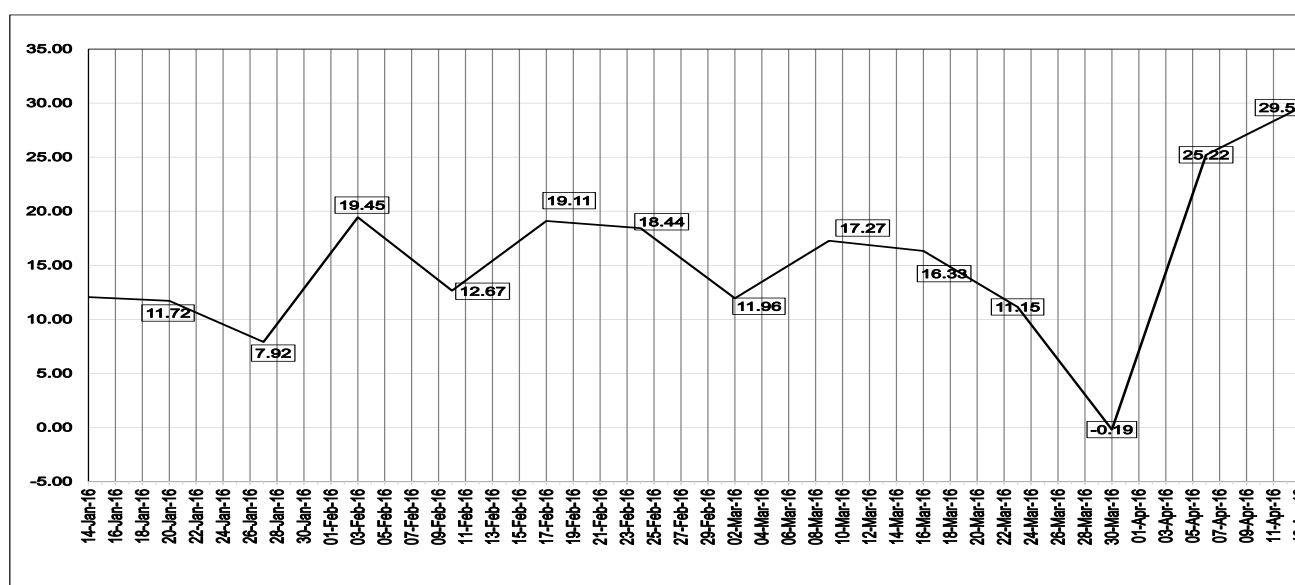


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks continued to accumulate excess reserves in their clearing accounts during the week ending April 13, 2016. The average excess reserves rose to KSh 29.6 billion in the week ending April 13, 2016 from Ksh 25.2 billion the previous week. The accumulation of excess reserves in the week was to ensure compliance with the mandatory Cash Reserve Requirement (CRR) for the cycle ending April 14, 2016 (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 displayed mixed performance against major international and regional currencies during the week ending April 14, 2016. The Shilling strengthened against the USD, the Sterling pound and the Euro and weakened against the Japanese Yen. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling and the Burundi Franc and weakened against the Uganda Shilling, but stabilized against the Rwanda Franc (**Table 3**).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-Apr-16	101.39	145.66	115.40	90.40	33.29	21.57	7.48	15.20
4-Apr-16	101.43	144.14	115.39	90.94	33.24	21.56	7.61	15.26
5-Apr-16	101.48	144.90	115.51	91.29	33.19	21.55	7.36	15.42
6-Apr-16	101.38	143.39	115.20	91.70	33.19	21.57	7.36	15.38
7-Apr-16	101.32	142.80	115.52	93.10	33.26	21.59	7.63	15.29
1-7 April 2016	101.40	144.18	115.41	91.49	33.24	21.57	7.49	15.31
8-Apr-16	101.34	142.85	115.06	93.70	33.16	21.58	7.37	15.35
11th-April-16	101.13	142.72	115.34	93.37	33.10	21.63	7.38	15.40
12th-April-16	101.09	144.16	115.43	93.66	33.14	21.63	7.91	15.32
13th-April-17	101.13	143.96	114.98	93.11	33.08	21.63	7.41	15.45
14th-April-17	101.14	143.93	114.55	92.57	33.05	21.64	7.38	15.39
8-14 April 2016	101.17	143.52	115.07	93.28	33.10	21.62	7.49	15.38

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Capital Markets

The Nairobi Securities Exchange (NSE) recorded mixed performance in both equities and bond market segments.

Equities Market

The share prices declined in the week ending 14th April 2016 with NASI, NSE 25 and NSE 20 Share Index closing lower by 1.5 percent, 2.44 percent, and 3.77 percent respectively. Reflecting lower share prices, equity turnover declined by 13.80 percent and market capitalization was down 1.50 percent during the week (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	03-Mar-16	10-Mar-16	17-Mar-16	24-Mar-16	31-Mar-16	07-Apr-16	14-Apr-16	Weekly Change (%)
NASI 100= 2008	145.21	144.53	145.72	147.25	147.44	147.44	145.23	-1.50
NSE 25 Share Index	4,172.71	4,131.93	4,230.84	4,260.12	4,261.05	4,257.39	4,153.65	-2.44
NSE 20 Share Index 100= 1996	3,932.48	3,949.82	3,927.65	3,991.95	3,982.09	4,054.29	3,901.45	-3.77
Number of Deals	7,184.00	6,796.00	6,872.00	6,085.00	4,544.00	5,890.00	6,056.00	2.82
Total Shares Traded (Millions)	99.42	110.54	126.56	123.27	72.50	71.96	71.39	-0.78
Equity Turnover (Ksh. Millions)	2,518.63	3,022.30	3,446.04	2,905.90	1,547.17	2,335.40	2,013.08	-13.80
Market Capitalization (Ksh. Bn.)	2,045.05	2,035.42	2,053.93	2,075.40	2,078.28	2,078.25	2,047.08	-1.50
I-REIT Turnover in (Ksh.Millions)	2.27	4.13	3.01	2.22	14.69	0.66	2.15	223.95
I-REIT in Units - Total Deals	55.00	97.00	61.00	40.00	98.00	21.00	49.00	133.33
Bonds Turnover (Ksh. Millions)	19,249.25	17,859.68	17,134.95	4,170.55	8,242.90	7,183.65	14,546.30	102.49
FTSE NSE Kenya 15 Index	183.30	185.28	185.70	185.11	185.17	186.41	182.72	-1.98
FTSE NSE Kenya 25 Index	184.06	184.49	185.57	185.60	185.47	186.14	183.25	-1.55
FTSE NSE Bond Index	89.07	88.78	89.39	89.46	89.28	89.08	88.69	-0.44

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 measure performance of 15 largest companies by market capitalisation, and 25 most liquid stocks declined by 1.98 percent and 1.55 percent, respectively during the week under review. The Banking sector dominated trading with 51.25 percent of all shares traded, followed by Telecommunication & Technology and Investment sectors with 27.04 percent and 3.9 percent of the total shares traded, respectively. The REITS market recorded strong performance, reflecting improved appetite for the real estate-linked assets.

The Bond Market

Total value of bonds traded doubled compared to the previous week. The corresponding deals traded in the week also increased to 118 from 87 deals the previous week. The increase may be attributed to investors selling off old stock to buy the 5-year bond on offer in the primary market and flight to safety by investors. The FTSE Government Bond Index declined by 0.44 percent, reflecting slight increase in market yields.

TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES

91-Day Treasury Bills					
Date of Auction	28-Jan-16	25-Feb-16	31-Mar-16	07-Apr-16	14-Apr-16
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	12,409.3	10,996.2	1,160.2	5,581.4	18,687.0
Amount Accepted (Ksh M)	8,151.8	8,363.1	1,160.2	5,203.6	9,741.0
Maturities (Ksh M)	7,187.5	4,075.0	1,358.0	2,849.5	4,833.3
Average interest Rate (%) - 91 Days	11.7	9.3	9.0	9.0	8.9
182-Day Treasury Bills					
Date of Auction	27-Jan-16	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	14,999.9	9,785.8	2,547.2	12,324.7	11,223.7
Amount Accepted (Ksh M)	7,673.8	5,159.8	1,951.1	6,957.1	7,858.2
Maturities (Ksh M)	400.3	815.8	2,856.4	5,861.1	2,588.7
Average interest Rate (%) - 182 days	14.4	11.9	10.7	10.8	10.9
364-Day Treasury Bills					
Date of Auction	27-Jan-16	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	6,447.7	7,352.2	4,365.8	10,658.7	9,529.6
Amount Accepted (Ksh M)	1,475.3	7,335.1	4,365.8	6,559.0	7,789.4
Maturities (Ksh M)	2,104.5	7,471.0	6,451.1	5,362.1	4,163.1
Average interest Rate (%) - 364 days	14.5	13.3	11.9	11.9	11.8
Treasury Bonds					
Date of Auction					
Tenor	FXD 1/2012/10				
Amount offered (Ksh M)	25,000.0				
Bids received (Ksh M)	53,854.8				
Amount Accepted (Ksh M)	30,297.2				
Maturities (Ksh M)	0.0				
Average interest Rate (%)	14.3				

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
1. Treasury Bills (Excluding Repos)	390.75	378.82	420.76	462.85	472.89	470.35
(As % of total securities)	26.71	26.03	28.27	29.70	30.15	30.04
2. Treasury Bonds	1,072.32	1,076.60	1,067.83	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
3. Total Securities (1+2)	1,463.07	1,455.42	1,488.59	1,558.23	1,568.27	1,565.72
4. Overdraft at Central Bank	39.85	35.67	43.58	37.74	46.46	41.60
5. Other Domestic debt*	28.28	31.68	31.96	31.69	31.74	31.69
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

* 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

CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT

	31-Dec-15	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16
Treasury bills (Excluding Repos)	25.5	24.9	26.9	28.4	28.7	28.7
Treasury bonds	70.0	70.7	68.3	67.3	66.5	66.8
CBK Overdraft to Govt	2.6	2.3	2.8	2.3	2.8	2.5
Other domestic debt	1.8	2.1	2.0	1.9	1.9	1.9
TOTAL	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

	31-Dec-15	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16
Banking Institutions	55.4	54.8	55.5	55.7	56.1	55.8
Insurance Companies	8.4	8.6	8.3	8.2	8.1	8.1
Parastatals	4.6	4.7	4.7	4.7	4.7	4.8
Pension funds	25.4	25.7	25.4	25.5	25.3	25.4
Other investors	6.1	6.2	6.1	5.9	5.8	5.9
Total	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
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
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

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya