



APRIL 22, 2016

Highlights

The money market was relatively liquid during the week ending April 20, 2016. The average interbank rate fell to 3.47 percent in the week ending April 20, 2016 from 4.14 percent in the previous week.

Capital markets recorded mixed performance in the week ending April 21, 2016.

Monetary Policy Operations

The money market was relatively liquid during the week ending April 20, 2016. CBK liquidity management operations mopped KSh 7.6 billion to stabilize interbank money market liquidity (**Table 1**).

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

	14-Apr-16	15-Apr-16	18-Apr-16	19-Apr-16	20-Apr-16	Total
Liquidity Flows						
Total liquidity injection	18.8	16.2	32.1	6.1	8.2	81.3
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	10.8	2.1	0.3	0.4	0.7	14.2
Term Auction Deposit maturities	5.5	6.4	11.0	1.2	0.0	24.0
T/bills redemptions	0.0	0.0	11.6	0.0	0.0	11.6
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	2.2	0.0	0.0	2.2
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	2.5	6.3	7.0	4.5	3.4	23.7
Total liquidity reduction	14.8	26.9	38.7	3.2	10.2	93.8
T/bills (Primary issues)	0.0	0.0	25.4	0.0	0.0	25.4
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	20.0	0.0	0.0	0.0	20.0
Reverse Repos maturities	10.1	3.2	0.0	0.0	2.5	15.8
Term Auction Deposit	0.0	0.0	10.0	0.0	0.0	10.0
Transfer from Banks -Taxes	4.6	3.7	3.2	3.2	7.7	22.4
Net liquidity injection (+)/Withdrawal (-)	4.0	-10.7	-6.5	2.8	-2.0	-12.5
Open Market Operations Outcome						
Posted Amount	10.0	20.0	10.0	3.0	0.0	43.0
Realised Amount	10.8	22.1	10.3	0.4	0.7	44.2
Repo (-)	0.0	20.0	0.0	0.0	0.0	20.0
Term Auction Deposits (-)	0.0	0.0	10.0	0.0	0.0	10.0
Reverse Repo (+)	10.8	2.1	0.3	0.4	0.7	14.2
Reserve Money Position						
Reserve money (actual)	409.2	397.1	390.3	392.3	393.2	396.4

Source: Central Bank of Kenya

Activity in the Interbank Market

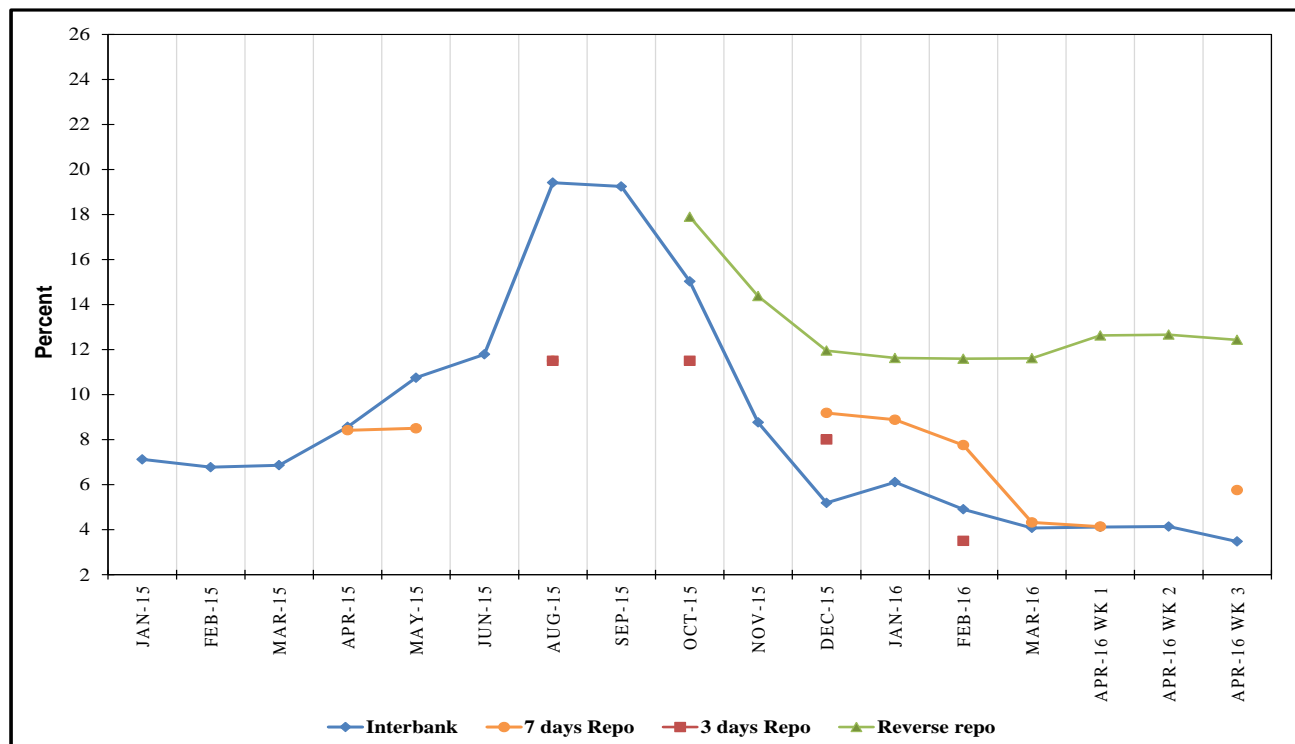
The average interbank rate fell to 3.47 percent in the week ending April 20, 2016 from 4.14 percent in the previous week. The number deals and volumes traded in the interbank market also declined. The reverse repo rate declined to 12.43 percent during the week compared to 12.66 percent recorded in the previous week, while the 7-days average repo rate was recorded at 5.75 percent in the week under review (Table 2 and Chart A).

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 (%)
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
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

Source: Central Bank of Kenya

CHART A: STRUCTURE OF SHORT-TERM INTEREST RATES

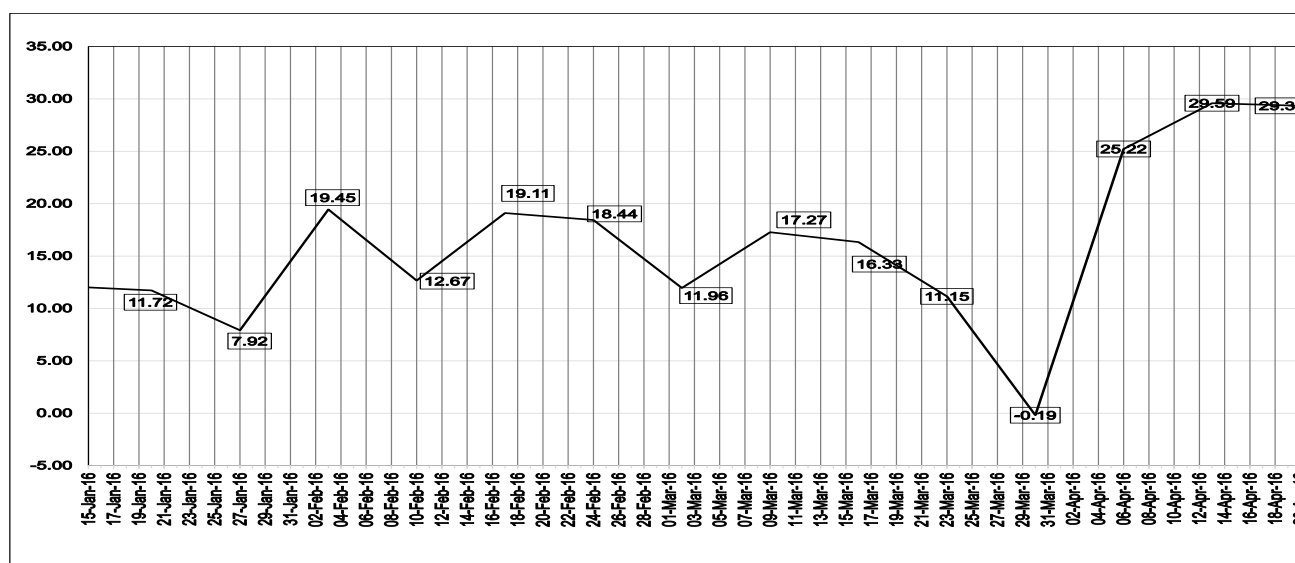


Source: Central Bank of Kenya

Commercial Banks Clearing Account Balances

Commercial banks’ clearing account balances stabilized (**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 posted marginal changes during the week ending April 21, 2016. It strengthened against the Euro and the Japanese Yen but weakened against the US Dollar and the Pound Sterling. In the EAC region, it strengthened against the Tanzania Shilling and the Rwanda Franc but weakened against the Uganda Shilling and the Burundi Franc (Table 3).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
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

Source: Central Bank of Kenya

The Capital Markets

The Nairobi Securities Exchange (NSE) recorded gains in the equities market but losses in the bonds market segments.

Equities Market

The overall share prices improved in the week ending April 21, 2016 with NASI, NSE 25 and NSE 20 Share Index closing 1.5 percent, 1.48 percent, and 1.72 percent higher, respectively. Partly on account of share price increase, the equity turnover increased by 60.0 percent and market capitalization rose 1.50 percent during the week (Table 4).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	10-Mar-16	17-Mar-16	24-Mar-16	31-Mar-16	07-Apr-16	14-Apr-16	21-Apr-16	Weekly Change (%)
NASI 100= 2008	144.53	145.72	147.25	147.44	147.44	145.23	147.41	1.50
NSE 25 Share Index	4,131.93	4,230.84	4,260.12	4,261.05	4,257.39	4,153.65	4,215.12	1.48
NSE 20 Share Index 100= 1996	3,949.82	3,927.65	3,991.95	3,982.09	4,054.29	3,901.45	3,968.75	1.72
Number of Deals	6,796.00	6,872.00	6,085.00	4,544.00	5,890.00	6,056.00	5,994.00	-1.02
Total Shares Traded (Millions)	110.54	126.56	123.27	72.50	71.96	71.39	122.34	71.36
Equity Turnover (Ksh. Millions)	3,022.30	3,446.04	2,905.90	1,547.17	2,335.40	2,013.08	3,220.17	59.96
Market Capitalization (Ksh. Bn.)	2,035.42	2,053.93	2,075.40	2,078.28	2,078.25	2,047.08	2,077.84	1.50
I-REIT Turnover in (Ksh.Millions)	4.13	3.01	2.22	14.69	0.66	2.15	4.57	112.94
I-REIT in Units - Total Deals	97.00	61.00	40.00	98.00	21.00	49.00	61.00	24.49
Bonds Turnover (Ksh. Millions)	17,859.68	17,134.95	4,170.55	8,242.90	7,183.65	14,546.30	5,806.50	-60.08
FTSE NSE Kenya 15 Index	185.28	185.70	185.11	185.17	186.41	182.72	183.27	0.30
FTSE NSE Kenya 25 Index	184.49	185.57	185.60	185.47	186.14	183.25	183.74	0.27
FTSE NSE Bond Index	88.78	89.39	89.46	89.28	89.08	88.69	88.61	-0.09

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 at the NSE, rose by 0.30 percent and 0.27 percent, respectively by end of the week under review. Improved performance of equities market is attributed to strong price rally for financials' stocks on account of profits and dividends announcements, and energy & petroleum stocks.

The Telecommunication & Technology, Banking and Energy & Petroleum sector dominated trading with 47.9 percent, 30.2 percent and 8.2 percent of all shares traded respectively. Automobile & Accessories sector was least traded with only 214,900 shares trading. The REITS market posted strong performance, reflecting improved appetite for the real estate-linked assets.

The Bond Market

Total value of bonds traded declined by 60.1 percent compared to the previous week, with corresponding deals down to 66 from 118 deals of the previous week. This reduced trading activity could be attributed to investors' focus on a new 5-year bond; FXD1/2016/5, issued and value dated 25 April 2016. The KSh 20 billion offered attracted 730 bids worth KSh 36.3 billion or 181.7 percent subscription rate at an attractive average yield to maturity of 14.334 percent. The FTSE Government Bond Index declined by 0.09 percent, reflecting slight increase in secondary 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
Amount offered (Ksh M)	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
Amount Accepted (Ksh M)	8,363.1	1,160.2	5,203.6	9,741.0	8,909.9
Maturities (Ksh M)	4,075.0	1,358.0	2,849.5	4,833.3	2,734.3
Average interest Rate (%) - 91 Days	9.3	9.0	9.0	8.9	8.8
182-Day Treasury Bills					
Date of Auction	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16	20-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)	9,785.8	2,547.2	12,324.7	11,223.7	17,549.9
Amount Accepted (Ksh M)	5,159.8	1,951.1	6,957.1	7,858.2	8,891.9
Maturities (Ksh M)	815.8	2,856.4	5,861.1	2,588.7	5,353.9
Average interest Rate (%) - 182 days	11.9	10.7	10.8	10.9	10.7
364-Day Treasury Bills					
Date of Auction	24-Feb-16	30-Mar-16	06-Apr-16	13-Apr-16	20-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)	7,352.2	4,365.8	10,658.7	9,529.6	9,083.0
Amount Accepted (Ksh M)	7,335.1	4,365.8	6,559.0	7,789.4	6,788.2
Maturities (Ksh M)	7,471.0	6,451.1	5,362.1	4,163.1	1,605.8
Average interest Rate (%) - 364 days	13.3	11.9	11.9	11.8	11.8
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

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
1. Treasury Bills (Excluding Repos)	390.75	378.82	420.76	462.85	472.89	470.35	476.23
(As % of total securities)	26.71	26.03	28.27	29.70	30.15	30.04	30.30
2. Treasury Bonds	1,072.32	1,076.60	1,067.83	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
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
4. Overdraft at Central Bank	39.85	35.67	43.58	37.74	46.46	41.60	41.60
5. Other Domestic debt*	28.28	31.68	31.96	31.69	31.74	31.69	31.78
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

* 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

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

	29-Jan-16	26-Feb-16	25-Mar-16	01-Apr-16	08-Apr-16	15-Apr-16
Banking Institutions	54.8	55.5	55.7	56.1	55.8	55.8
Insurance Companies	8.6	8.3	8.2	8.1	8.1	8.1
Parastatals	4.7	4.7	4.7	4.7	4.8	4.8
Pension funds	25.7	25.4	25.5	25.3	25.4	25.4
Other investors	6.2	6.1	5.9	5.8	5.9	5.8
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	21-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
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

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya