



Central Bank of Kenya

# Weekly Bulletin

September 13, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 12. It exchanged at KSh 103.78 per US Dollar on September 12, compared to KSh 103.82 on September 5 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,196 million (5.75 months of import cover) as at September 12. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

### Money Market

The money market remained relatively liquid during the week ending September 12, supported by net redemption of government securities. Open market operations remained active. Commercial banks' excess reserves stood at KSh 4.1 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 6.57 percent on September 12 from 5.87 percent on September 5 and the value traded also increased to KSh 9.1 billion from KSh 8.2 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of August 12 received bids totalling KSh 18.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 78.6 percent. Interest rates on the 182-day and 364-day Treasury bills increased while that on the 91-day Treasury bills declined (Table 4).

### Equity Market

During the week ending September 12, the NASI and NSE25 share price indices and market capitalization increased by 0.4 percent, 0.1 percent and 0.4 percent, respectively. However, the NSE 20 share price index, total shares traded and equity turnover declined by 0.1 percent, 2.8 percent and 23.1 percent, respectively (Table 6).

### Bond Market

Trading activity in the domestic secondary bond market declined by 29.2 percent during the week ending September 12. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 14.7, 17.8, 14.8, 12.0 and 7.4 basis points, respectively (Table 6). Yields on 10-year Eurobonds for Angola and Ghana also declined towards the end of the week (Chart 2).

### Global Trends

Global market sentiment continued to improve boosted by renewed optimism over easing trade tensions between the US and China. The European Central Bank also cut interest rates on deposits and relaunched a stimulus package for the Eurozone economy in order to tackle sluggish growth and persistently low inflation, providing further support to markets.

International oil prices increased during the week ending September 12 on signs of easing trade tensions between US and China. The Murban oil price increased to USD 61.44 per barrel on September 12 from USD 60.43 per barrel on September 5.

**Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
30-Aug-19	103.55	126.40	114.63	97.29	35.64	22.19	8.88	17.81
2-Sep-19	103.59	126.31	114.40	97.56	35.62	22.22	8.87	17.81
3-Sep-19	103.64	125.22	113.70	97.44	35.56	22.18	8.88	17.80
4-Sep-19	103.83	124.86	113.60	97.79	35.49	22.14	8.87	17.87
5-Sep-19	103.82	126.53	114.42	97.71	35.45	22.13	8.87	17.77
<b>August 30- Sep 5</b>	<b>103.68</b>	<b>125.87</b>	<b>114.15</b>	<b>97.56</b>	<b>35.55</b>	<b>22.17</b>	<b>8.87</b>	<b>17.81</b>
6-Sep-19	103.89	128.21	114.91	97.16	35.40	22.16	8.86	17.76
9-Sep-19	103.83	127.87	114.67	97.26	35.40	22.14	8.73	17.88
10-Sep-19	103.73	128.18	114.58	96.95	35.46	22.15	8.88	17.79
11-Sep-19	103.67	128.20	114.45	96.69	35.40	22.17	8.89	17.80
12-Sep-19	103.78	127.91	114.22	96.33	35.32	22.15	8.88	17.78
<b>September 6-12</b>	<b>103.78</b>	<b>128.07</b>	<b>114.56</b>	<b>96.88</b>	<b>35.40</b>	<b>22.16</b>	<b>8.85</b>	<b>17.80</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	08-Aug-19	15-Aug-19	22-Aug-19	29-Aug-19	05-Sep-19	12-Sep-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,405	9,393	9,386	9,252	9,218	9,196
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.98	5.87	5.87	5.78	5.76	5.75

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

Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
30-Aug-19	25	11,150	5.08
2-Sep-19	21	10,470	5.34
3-Sep-19	21	8,550	5.38
4-Sep-19	18	7,500	5.57
5-Sep-19	15	3,110	5.87
<b>August 30-Sep 5, 2019</b>	<b>20</b>	<b>8,156</b>	<b>5.44</b>
6-Sep-19	18	5,460	6.11
9-Sep-19	20	5,800	6.32
10-Sep-19	20	7,730	6.27
11-Sep-19	25	13,575	6.40
12-Sep-19	23	13,125	6.57
<b>September 6-12, 2019</b>	<b>21</b>	<b>9,138</b>	<b>6.33</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions****91-Day Treasury Bills**

Date of Auction	28-Mar-19	27-Jun-19	29-Aug-19	05-Sep-19	12-Sep-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,693.92	4,143.64	5,318.73	5,002.39	6,270.38
Amount Accepted (Ksh M)	966.23	4,142.56	5,318.73	5,002.39	6,270.38
Maturities (Ksh M)	1,044.15	983.55	2,370.60	933.50	1,078.20
<b>Average interest Rate (%)</b>	<b>7.500</b>	<b>6.738</b>	<b>6.385</b>	<b>6.375</b>	<b>6.315</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,343.75	3,519.12	4,821.89	2,795.970	1,081.140
Amount Accepted (Ksh M)	5,908.18	3,519.12	4,821.89	2,795.970	1,081.140
Maturities (Ksh M)	5,245.70	2,696.35	8,025.60	3,989.000	4,910.700
<b>Average interest Rate (%)</b>	<b>8.204</b>	<b>7.487</b>	<b>7.011</b>	<b>6.995</b>	<b>7.143</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	30,046.91	52,155.78	8,683.06	7,221.72	11,503.65
Amount Accepted (Ksh M)	23,655.49	23,425.49	7,769.72	7,212.60	7,222.72
Maturities (Ksh M)	6,923.80	19,230.40	16,078.65	16,637.90	12,533.60
<b>Average interest Rate (%)</b>	<b>9.408</b>	<b>8.759</b>	<b>9.392</b>	<b>9.520</b>	<b>9.582</b>

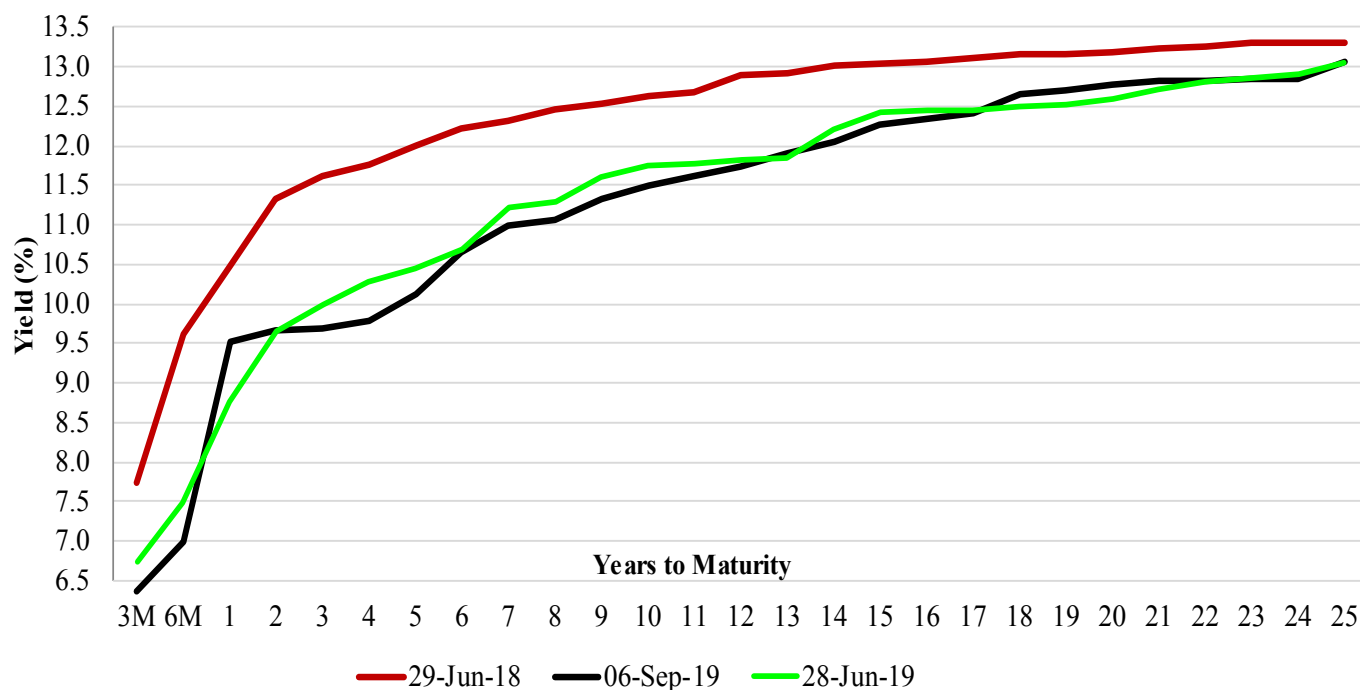
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

Date of Auction	13-Jun-19		24-Jul-19	14-Aug-19	
	REOPEN				
Tenor	FXD 1/2012/15	FXD 1/ 2018/15	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20
Amount offered (Ksh M)	40,000.00		40,000.00	50,000.00	
Bids received (Ksh M)	85,615.66		86,674.56	67,441.35	
Amount Accepted (Ksh M)	21,211.35	17,727.97	50,578.30	45,014.80	14,671.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	11.59	12.46	12.34	11.52	12.74

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

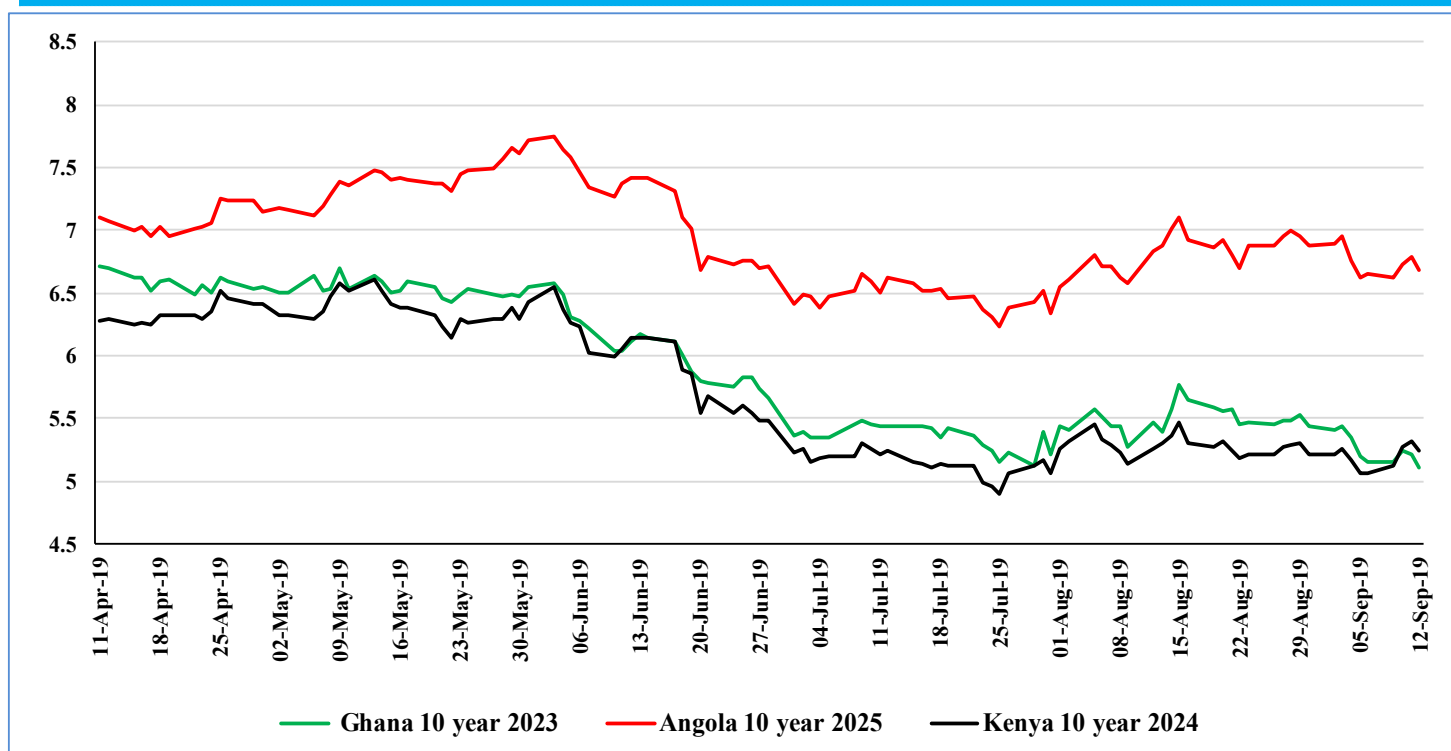
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
30-Aug-19	147.58	3,521.77	2,467.68	1,096	8.51	277.21	2,221.97	2,516.34	6.140	5.212	6.550	7.291	7.972
2-Sep-19	147.00	3,506.83	2,445.13	827	14.11	382.63	2,213.30	984.41	6.094	5.212	6.557	7.260	7.971
3-Sep-19	142.19	3,442.01	2,457.70	1,186	13.75	585.76	2,140.56	2,675.81	6.153	5.264	6.607	7.306	7.992
4-Sep-19	143.16	3,451.00	2,429.06	1,016	28.86	811.39	2,155.25	4,441.00	6.089	5.176	6.436	7.152	7.873
5-Sep-19	143.46	3,443.31	2,444.54	851	27.76	738.76	2,159.75	2,883.57	5.964	5.061	6.286	6.985	7.746
<b>August 30-Sept 5</b>	<b>143.46</b>	<b>3443.31</b>	<b>2444.54</b>	<b>4,976</b>	<b>92.99</b>	<b>2,795.76</b>	<b>2,159.75</b>	<b>13,501.13</b>	<b>5.964</b>	<b>5.061</b>	<b>6.286</b>	<b>6.985</b>	<b>7.746</b>
6-Sep-19	142.52	3,408.89	2,419.67	942	21.55	600.88	2,145.56	2,419.63	5.697	5.060	6.249	6.985	7.746
9-Sep-19	142.81	3,421.43	2,420.67	847	9.69	187.11	2,150.04	1,847.71	5.937	5.126	6.267	6.969	7.721
10-Sep-19	143.04	3,421.96	2,427.36	937	10.74	511.83	2,153.49	2,513.69	6.040	5.272	6.360	7.045	7.824
11-Sep-19	143.47	3,433.88	2,437.15	850	45.42	747.25	2,159.96	1,461.36	6.132	5.315	6.491	7.166	7.884
12-Sep-19	143.98	3,446.56	2,442.02	813	2.97	103.99	2,167.71	1,319.12	6.111	5.239	6.434	7.105	7.820
<b>September 5-12</b>	<b>143.98</b>	<b>3446.56</b>	<b>2442.02</b>	<b>4,389</b>	<b>90.37</b>	<b>2,151.06</b>	<b>2,167.71</b>	<b>9,561.50</b>	<b>6.111</b>	<b>5.239</b>	<b>6.434</b>	<b>7.105</b>	<b>7.820</b>
<b>Weekly Changes (%)</b>	<b>0.36</b>	<b>0.09</b>	<b>-0.10</b>	<b>-11.80</b>	<b>-2.82</b>	<b>-23.06</b>	<b>0.37</b>	<b>-29.18</b>	<b>0.147*</b>	<b>0.178*</b>	<b>0.148*</b>	<b>0.120*</b>	<b>0.074*</b>

\*Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

**Chart 2: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters

**Table 7: Government Domestic Debt (KSh Billion)**

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19
1. Treasury Bills (Excluding Repos)	904.10	949.66	954.25	952.98	947.89	940.30
<i>(As % of total securities)</i>	<b>36.90</b>	<b>36.04</b>	<b>35.31</b>	<b>35.27</b>	<b>33.97</b>	<b>33.79</b>
2. Treasury Bonds	1,546.29	1,685.66	1,748.60	1,748.60	1,842.87	1,842.87
<i>(As % of total securities)</i>	<b>63.10</b>	<b>63.96</b>	<b>64.69</b>	<b>64.73</b>	<b>66.03</b>	<b>66.21</b>
3. Total Securities (1+2)	2,450.39	2,635.31	2,702.85	2,701.58	2,790.76	2,783.17
4. Overdraft at Central Bank	45.86	36.90	57.33	64.52	62.19	64.66
5. Other Domestic debt*	31.61	26.88	25.28	25.76	22.82	25.45
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,527.86</b>	<b>2,699.09</b>	<b>2,785.46</b>	<b>2,791.87</b>	<b>2,875.76</b>	<b>2,873.27</b>

\* 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 8: Composition of Government Domestic Debt by Instrument (Percent)**

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19
Treasury bills (Excluding Repos)	35.77	35.12	34.26	34.13	32.96	32.73
Treasury bonds	61.17	62.34	62.78	62.63	64.08	64.14
CBK Overdraft to Government	1.81	1.36	2.06	2.31	2.07	2.25
Other domestic debt	1.25	1.18	0.91	0.92	0.89	0.89
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 9: Composition of Government Domestic Debt by Holder (Percent)**

	<b>28-Dec-18</b>	<b>29-Mar-19</b>	<b>28-Jun-19</b>	<b>26-Jul-19</b>	<b>30-Aug-19</b>	<b>06-Sep-19</b>
Banking Institutions	54.53	54.88	54.37	54.57	54.35	54.27
Insurance Companies	6.06	6.16	6.13	6.11	6.18	6.19
Parastatals	7.25	7.10	6.98	7.00	6.98	7.04
Pension funds	27.59	27.49	28.24	28.05	28.19	28.21
Other investors	4.57	4.37	4.28	4.27	4.29	4.29
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Total Government Debt**

	<b>Sep-18</b>	<b>Dec-18</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
Domestic debt (KSh Billion)	2,540.70	2,548.77	2,699.09	2,741.68	2,773.06	2,785.94
Public & Publicly Guaranteed External debt (US \$ Billion)	25.81	26.74	27.01	28.04	27.97	29.55
Public & Publicly Guaranteed External debt (KSh Billion)	2,605.33	2,723.73	2,721.60	2,842.48	2,834.84	3,023.14
<b>Total public debt (KSh Billion)</b>	<b>5,146.04</b>	<b>5,272.50</b>	<b>5,420.68</b>	<b>5,584.16</b>	<b>5,607.91</b>	<b>5,809.08</b>

Source: National Treasury and Central Bank of Kenya