



Central Bank of Kenya

# Weekly Bulletin

May 31, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 30. It exchanged at KSh 101.40 per US Dollar on May 30, compared to KSh 101.22 on May 23 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves were at an all-time high of USD 10,062 million (6.4 months of import cover) as at May 30, as a result of the government successful issuance of a USD 2.1 billion Eurobond in May. 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).

### Current Account Balance

The current account balance narrowed to 4.5 percent of GDP in the 12 months to April 2019 from 5.5 percent in April 2018. This reflects resilient performance of exports particularly horticulture and coffee, strong diaspora remittances, and higher receipts from tourism and transport services. Growth of imports also slowed mainly due to lower imports of food (Chart 1).

### Money Market

The money market was liquid during the week ending May 30, supported by Government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 7.0 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 4.49 percent on May 30 from 5.37 percent on May 23. The average number of interbank deals and the value traded also decreased to 17 and Ksh 12.69 billion from 24 and KSh 16.86 billion respectively, in the previous week (Table 3).

### Government Securities Market

The Treasury bills auctions of May 30 received bids totaling KSh 31.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 129.4 percent. Interest rates on the 91-day, 182-day and 364-day Treasury bills declined during the auction (Table 4).

### Equity Market

The Equity market trading activity improved during the week with NASI, NSE 25 and NSE 20 share indices gaining 2.90 percent, 1.90 percent and 0.70 percent, respectively. Equity turnover and market capitalization also increased by 46.64 percent and 4.06 percent, respectively (Table 6).

### Bond Markets

The secondary bonds market turnover increased by 62.74 percent during the week ending May 30. In the international market, yields on Kenya's 5-Year, 7-Year, 10-Year (2028), 12-Year and 30-Year Eurobonds increased by 9.9, 11.2, 14.2, 32.1 and 11.9 basis points, respectively (Table 6). The yields on 10-year Eurobond for Ghana declined, while that of Angola increased during the week (Chart 3).

### Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) retained the Central Bank Rate at 9.0 percent during its meeting of May 27. The Committee noted that inflation expectations remained well anchored within the target range, but there is need to remain vigilant on possible spillovers of recent food and fuel price increases.

### Global Trends

Uncertainties in the global financial markets persisted during the week ending May 31 arising from protracted US-China trade tensions. President Trump opened another trade war front by threatening to impose a 5 percent tariff on all Mexican goods unless Mexico controls its immigrants into the US. The resignation of UK Prime Minister last week also reignited fears of no deal Brexit.

International oil prices declined during the week following increased US oil production which counter-balanced continued OPEC cut-backs on production. The Murban oil price declined to USD 68.44 per barrel on May 30 from USD 70.21 per barrel on May 23.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
17-May-19	101.12	129.51	113.20	92.21	37.28	22.75	8.97	18.12
20-May-19	101.11	129.15	113.06	92.20	37.16	22.75	8.83	18.15
21-May-19	101.11	128.85	112.89	91.97	37.21	22.75	8.83	18.15
22-May-19	101.17	128.63	112.91	91.61	37.17	22.73	8.97	18.12
23-May-19	101.22	128.02	113.09	91.71	37.18	22.72	8.96	18.12
<b>May 17-23</b>	<b>101.15</b>	<b>128.83</b>	<b>113.03</b>	<b>91.94</b>	<b>37.20</b>	<b>22.74</b>	<b>8.91</b>	<b>18.13</b>
24-May-19	101.23	128.13	113.09	92.36	37.14	22.72	8.96	18.12
27-May-19	101.24	128.31	113.28	92.46	37.14	22.72	8.97	18.12
28-May-19	101.24	128.45	113.32	92.48	37.14	22.67	8.98	18.12
29-May-19	101.28	128.42	113.34	92.50	37.13	22.66	8.97	18.11
30-May-19	101.40	128.30	113.07	92.42	37.05	22.66	8.96	18.09
<b>May 24-30</b>	<b>101.28</b>	<b>128.32</b>	<b>113.22</b>	<b>92.44</b>	<b>37.12</b>	<b>22.69</b>	<b>8.97</b>	<b>18.11</b>

\* Units of currency per Kenya Shilling

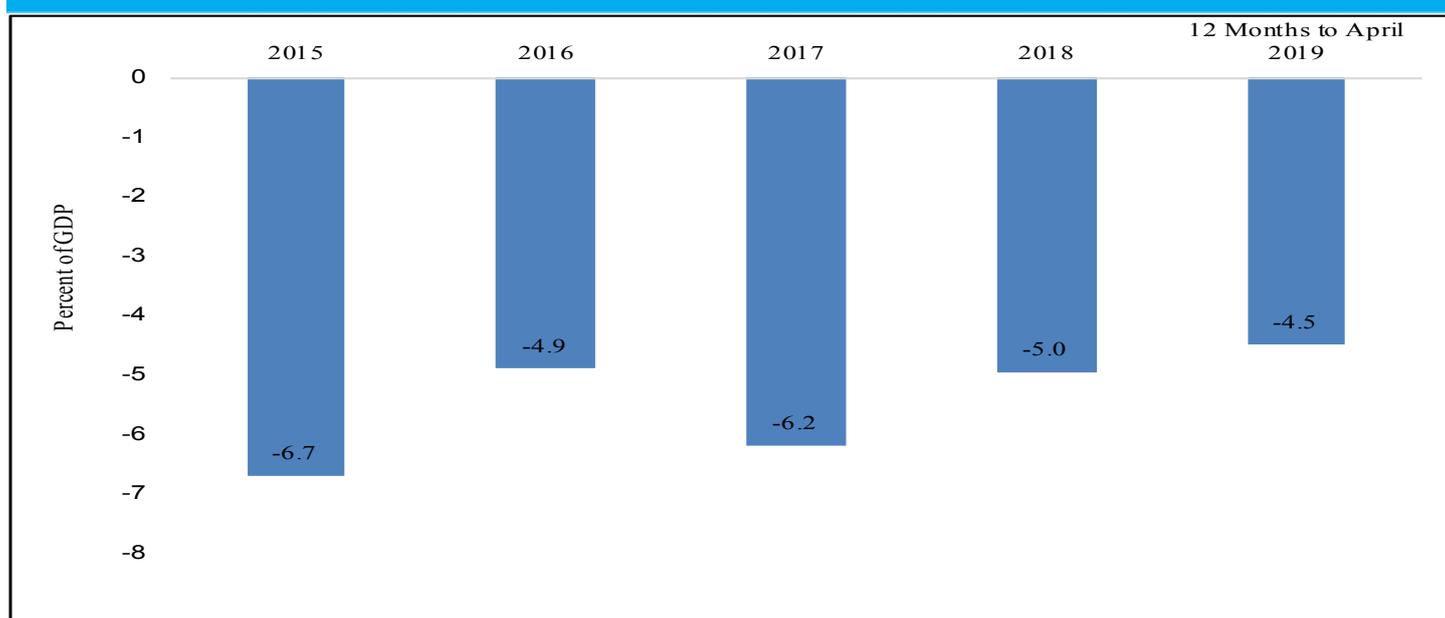
Source: CBK

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

	25-Apr-19	02-May-19	09-May-19	16-May-19	23-May-19	30-May-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,106	8,010	8,070	8,009	7,981	10,062
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.22	5.15	5.19	5.15	5.08	6.40

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

Source: CBK

**Chart 1: Current Account Balance**

Source: CBK

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
17-May-19	23	15,200	5.43
20-May-19	21	17,750	5.42
21-May-19	22	14,900	5.36
22-May-19	28	20,010	5.49
23-May-19	25	16,440	5.37
<b>May 17-May 23, 2019</b>	<b>24</b>	<b>16,860</b>	<b>5.41</b>
24-May-19	26	16,129	5.37
27-May-19	16	15,125	5.25
28-May-19	15	12,550	5.00
29-May-19	12	9,200	4.69
30-May-19	16	10,450	4.49
<b>May 24-May 30, 2019</b>	<b>17</b>	<b>12,691</b>	<b>4.96</b>

Source :CBK

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

Date of Auction	27-Dec-18	28-Mar-19	25-Apr-19	23-May-19	30-May-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,022.73	6,693.92	7,454.68	5,844.10	2,334.49
Amount Accepted (Ksh M)	1,022.73	966.23	7,454.68	5,844.10	2,334.39
Maturities (Ksh M)	5,135.05	1,044.15	5,024.95	5,191.85	2,927.95
<b>Average interest Rate (%)</b>	<b>7.342</b>	<b>7.500</b>	<b>7.298</b>	<b>7.085</b>	<b>6.995</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)	5,419.17	7,343.75	14,193.85	4,637.31	2,465.66
Amount Accepted (Ksh M)	2,550.75	5,908.18	14,120.79	4,637.31	2,462.80
Maturities (Ksh M)	6,004.40	5,245.70	3,129.85	1,504.35	4,516.50
<b>Average interest Rate (%)</b>	<b>9.002</b>	<b>8.204</b>	<b>8.006</b>	<b>7.738</b>	<b>7.651</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)	9,166.14	30,046.91	5,657.52	21,053.04	26,261.69
Amount Accepted (Ksh M)	7,349.57	23,655.49	4,466.63	18,498.62	23,511.75
Maturities (Ksh M)	5,336.65	6,923.80	10,080.10	22,298.10	9,351.95
<b>Average interest Rate (%)</b>	<b>9.952</b>	<b>9.408</b>	<b>9.315</b>	<b>9.312</b>	<b>9.311</b>

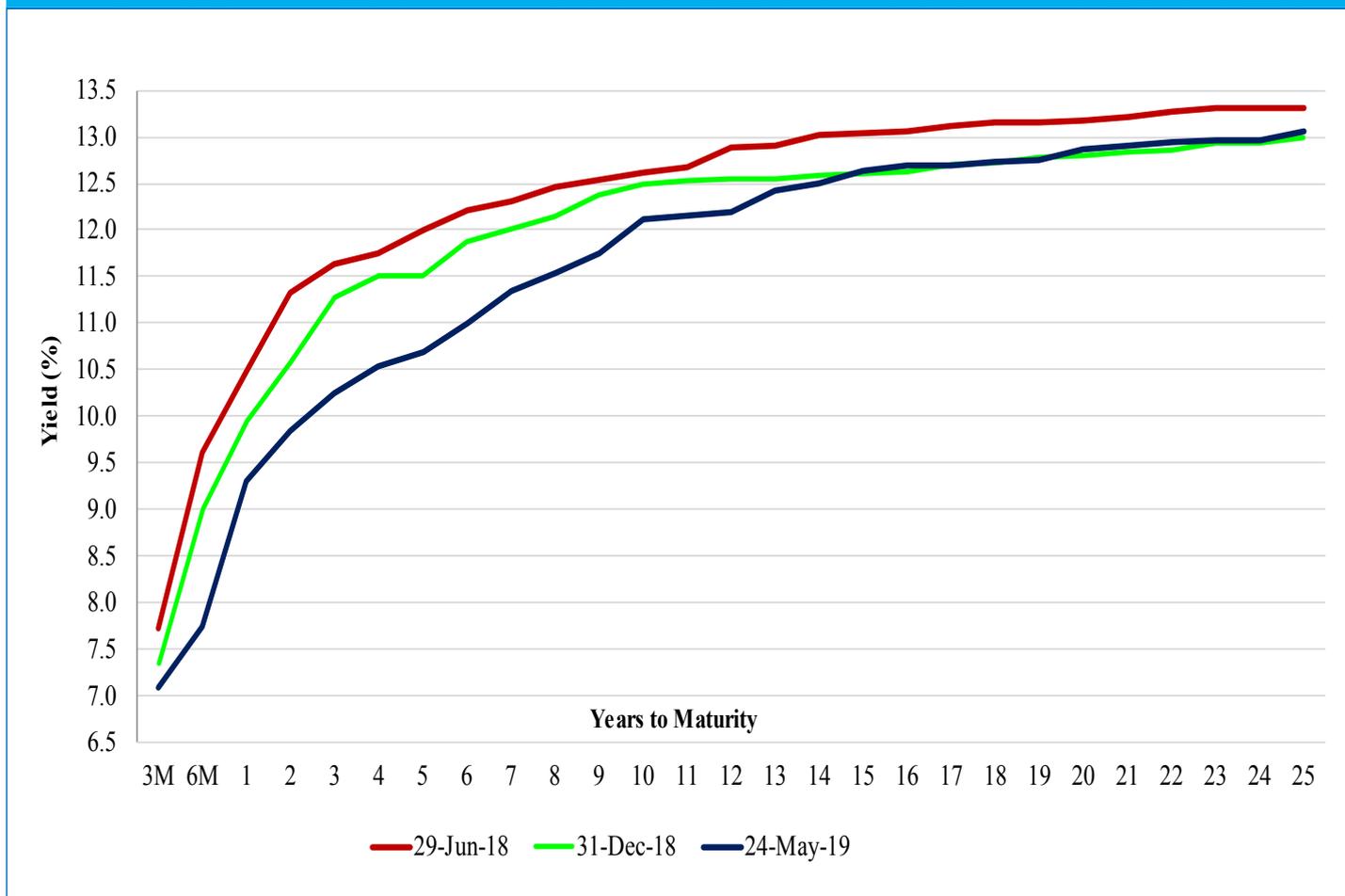
Source: CBK

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

Date of Auction	06-Feb-19		20-Feb-19		206-Mar-19		10-Apr-19
	REOPEN		REOPEN				
Tenor	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	IFB/2019/25	FXD 2/2019/10	FXD1/ 2019/20
Amount offered (Ksh M)	12,000.00		50,000.00		50,000.00		50,000.00
Bids received (Ksh M)	66,603.10		78,259.02		29,376.22		85,615.54
Amount Accepted (Ksh M)	7,470.38	15,961.36	20,593.62	32,808.00	16,303.06	51,326.72	9,022.76
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	10.33	12.77	11.30	12.44	12.66	12.30	12.87

Source: CBK

**Chart 2: Kenya Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

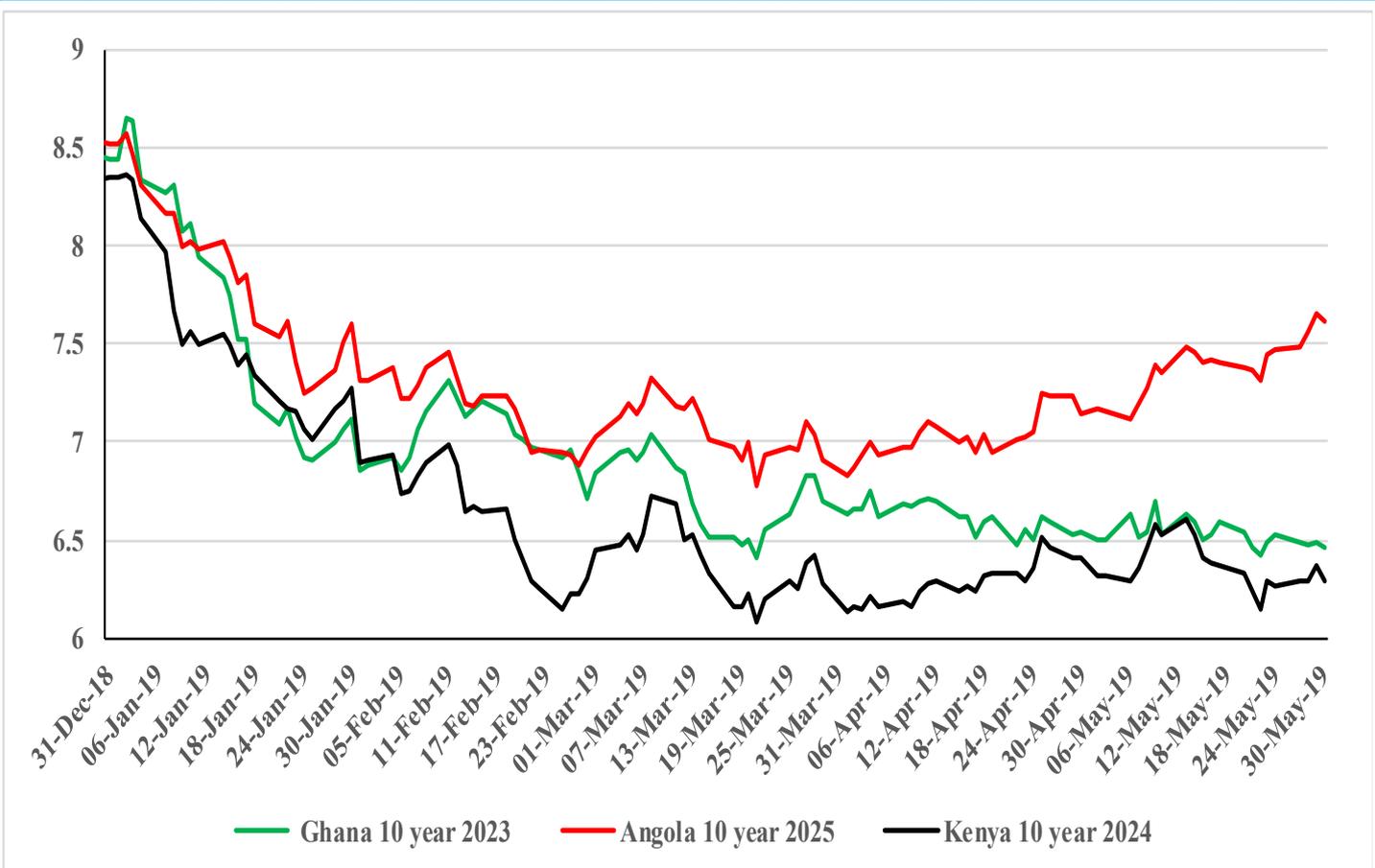
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Euro-bond Yield (%)	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 (%)
17-May-19	145.33	3527.52	2665.52	1,154	26.62	620.62	2,173.95	1,714.43	5.737	7.024	6.377	7.457	7.895	8.516
20-May-19	145.18	3525.80	2636.47	1,018	18.31	540.34	2,170.85	837.44	5.736	7.019	6.326	7.446	7.895	8.508
21-May-19	146.14	3550.63	2644.90	973	15.41	462.82	2,185.93	1,399.80	5.735	6.967	6.234	7.400	7.918	8.516
22-May-19	145.69	3546.77	2640.48	1,171	28.99	773.39	2,179.40	2,808.58	5.735	6.950	6.148	7.375	7.918	8.517
23-May-19	145.83	3542.64	2641.02	905	20.68	253.55	2,181.85	3,648.85	5.460	7.053	6.290	7.524	7.918	8.602
<b>May 17-23, 2019</b>	<b>145.83</b>	<b>3542.64</b>	<b>2641.02</b>	<b>5,221.00</b>	<b>110.01</b>	<b>2,650.71</b>	<b>2,181.85</b>	<b>10,409.10</b>	<b>5.460</b>	<b>7.053</b>	<b>6.290</b>	<b>7.524</b>	<b>7.918</b>	<b>8.602</b>
24-May-19	146.46	3546.23	2646.74	1,106	18.60	487.14	2,215.90	2,560.00	5.448	7.059	6.267	7.540	8.046	8.600
27-May-19	147.40	3560.55	2648.27	912	3.61	86.46	2,230.02	2,981.40	5.730	7.066	6.288	7.544	8.046	8.600
28-May-19	151.77	3624.89	2650.30	1,369	45.47	1,557.43	2,296.33	2,835.77	5.436	7.114	6.290	7.564	8.066	8.651
29-May-19	151.33	3637.10	2670.54	906	29.91	722.58	2,289.62	4,240.30	5.729	7.203	6.376	7.729	8.239	8.750
30-May-19	150.06	3609.98	2659.56	1,271	39.94	1,033.27	2,270.48	4,321.92	5.559	7.165	6.291	7.666	8.239	8.721
<b>May 24-30, 2019</b>	<b>150.06</b>	<b>3609.98</b>	<b>2659.56</b>	<b>5,564.00</b>	<b>137.55</b>	<b>3,886.88</b>	<b>2,270.48</b>	<b>16,939.39</b>	<b>5.559</b>	<b>7.165</b>	<b>6.291</b>	<b>7.666</b>	<b>8.239</b>	<b>8.721</b>
<b>Weekly Changes (%)</b>	<b>2.90</b>	<b>1.90</b>	<b>0.70</b>	<b>6.57</b>	<b>25.03</b>	<b>46.64</b>	<b>4.06</b>	<b>62.74</b>	<b>0.099*</b>	<b>0.112*</b>	<b>0.001*</b>	<b>0.142*</b>	<b>0.321*</b>	<b>0.119*</b>

\* Percentage points

Source: CBK, NSE and Thompson Reuters

**Chart 3: Yields on 10 year Eurobonds for Selected African Countries**



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

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	24-May-19
1. Treasury Bills (Excluding Repos)	878.62	867.51	904.10	949.66	994.76	963.67
<i>(As % of total securities)</i>	<b>36.75</b>	<b>37.14</b>	<b>36.90</b>	<b>36.04</b>	<b>37.01</b>	<b>35.56</b>
2. Treasury Bonds	1,511.87	1,468.50	1,546.29	1,685.66	1,692.89	1,746.21
<i>(As % of total securities)</i>	<b>63.25</b>	<b>62.86</b>	<b>63.10</b>	<b>63.96</b>	<b>62.99</b>	<b>64.44</b>
3. Total Securities (1+2)	2,390.49	2,336.00	2,450.39	2,635.31	2,687.65	2,709.89
4. Overdraft at Central Bank	56.85	36.29	45.86	36.90	14.44	35.92
5. Other Domestic debt*	31.44	168.54	31.61	26.88	26.88	31.44
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,540.83</b>	<b>2,527.86</b>	<b>2,699.09</b>	<b>2,728.97</b>	<b>2,777.25</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: CBK

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

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	24-May-19
Treasury bills (Excluding Repos)	35.45	34.14	35.77	35.12	36.45	34.70
Treasury bonds	60.99	57.80	61.17	62.34	62.03	62.88
CBK Overdraft to Government	2.29	1.43	1.81	1.36	0.53	1.29
Other domestic debt	1.27	6.63	1.25	1.18	0.99	1.13
<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: CBK

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

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	24-May-19
Banking Institutions	55.19	54.97	54.53	54.88	52.50	54.31
Insurance Companies	6.23	6.07	6.06	6.16	6.50	6.13
Parastatals	7.04	7.32	7.25	7.10	7.11	7.07
Pension funds	27.09	27.12	27.59	27.49	27.49	28.18
Other investors	4.44	4.52	4.57	4.37	6.41	4.31
<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: CBK

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

	Jun-17	Jun-18	Sep-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,111.71	2,478.84	2,540.70	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	25.34	25.81	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,560.20	2,605.33	2,729.48	2,707.29	2,721.60
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>5,039.03</b>	<b>5,146.04</b>	<b>5,333.67</b>	<b>5,398.90</b>	<b>5,420.68</b>

Source: National Treasury and CBK