



Central Bank of Kenya

# Weekly Bulletin

April 5, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending April 4. It exchanged at KSh 100.80 per US Dollar on April 4, compared to KSh 100.88 on March 28 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,192.2 million (5.3 months of import cover) as at April 4. This meets the statutory requirement to endeavour 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 Markets

The money market remained liquid during the week ending April 4, largely supported by Government payments. Commercial banks' excess reserves stood at KSh 22.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 3.56 percent on April 4 from 3.06 percent on March 28. The average number of interbank deals remained unchanged at 9 while the value traded increased to KSh 2.61 billion from KSh 1.87 billion in the previous week (Table 3).

### Government Securities

The Treasury bills auction of April 4, received bids totaling KSh 60.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 250.8 percent. Interest rates on the three Treasury bills tenures declined (Table 4).

### Equity Market

During the week ending April 4, all equity share price indices at the NSE rose, with NASI, NSE 25 and NSE 20 increasing by 2.4 percent, 2.3 percent and 0.4 percent, respectively. Market capitalization rose by 2.4 percent. However, equity turnover and the number of shares traded declined by 1.0 percent and 22.1 percent, respectively (Table 6).

### Bonds Market

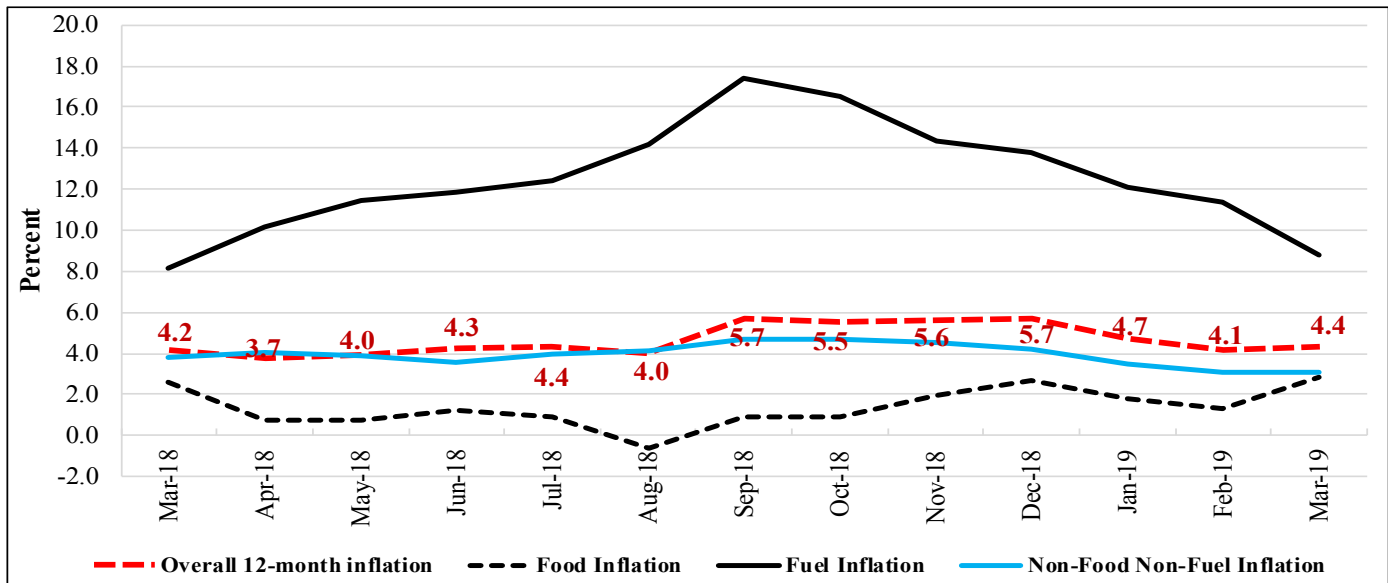
Trading activity in the secondary bond market declined by 13.7 percent during the week ending April 4. In the international market, yields on Kenya's 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds declined by 23.3, 22.8, 17.7 and 7.2 basis points, respectively (Table 6). Similarly, the yields for the 10-year Eurobonds for Ghana and Angola declined during the week (Chart 5).

### Global Trends

Uncertainties in the global markets remained during the week. In the UK, Brexit looks increasingly chaotic even as Prime Minister May plans to seek a short extension for Article 50. However, investors were optimistic of a successful conclusion to the US-China talks.

International oil prices increased during the week ending April 4, reflecting an unexpected reduction in crude oil inventories. Murban oil price increased to USD 69.70 per barrel on April 4 compared to USD 67.64 per barrel on March 28.

**Chart 1: Inflation Developments**



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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
22-Mar-19	100.78	132.56	114.78	91.10	36.73	23.26	8.95	17.92
25-Mar-19	100.70	132.80	113.81	91.35	36.69	23.27	8.95	17.94
26-Mar-19	100.96	133.22	114.24	91.67	36.70	23.22	8.94	17.89
27-Mar-19	100.96	133.55	114.03	91.27	36.74	23.17	8.94	17.89
28-Mar-19	100.88	133.45	113.55	91.60	36.80	23.21	8.95	17.91
<b>March 22-28</b>	<b>100.86</b>	<b>133.12</b>	<b>114.08</b>	<b>91.40</b>	<b>36.73</b>	<b>23.22</b>	<b>8.95</b>	<b>17.91</b>
29-Mar-19	100.75	131.85	113.04	90.94	36.95	23.08	8.96	17.93
1-Apr-19	100.78	131.67	113.16	90.97	36.88	22.94	8.96	18.15
2-Apr-19	100.84	132.23	113.26	90.78	36.82	22.96	8.96	18.14
3-Apr-19	100.90	131.60	113.05	90.63	36.87	22.94	8.95	18.12
4-Apr-19	100.80	132.46	113.20	90.47	36.90	22.97	8.96	18.14
<b>March 29- April 4</b>	<b>100.82</b>	<b>131.96</b>	<b>113.14</b>	<b>90.76</b>	<b>36.88</b>	<b>22.98</b>	<b>8.96</b>	<b>18.10</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

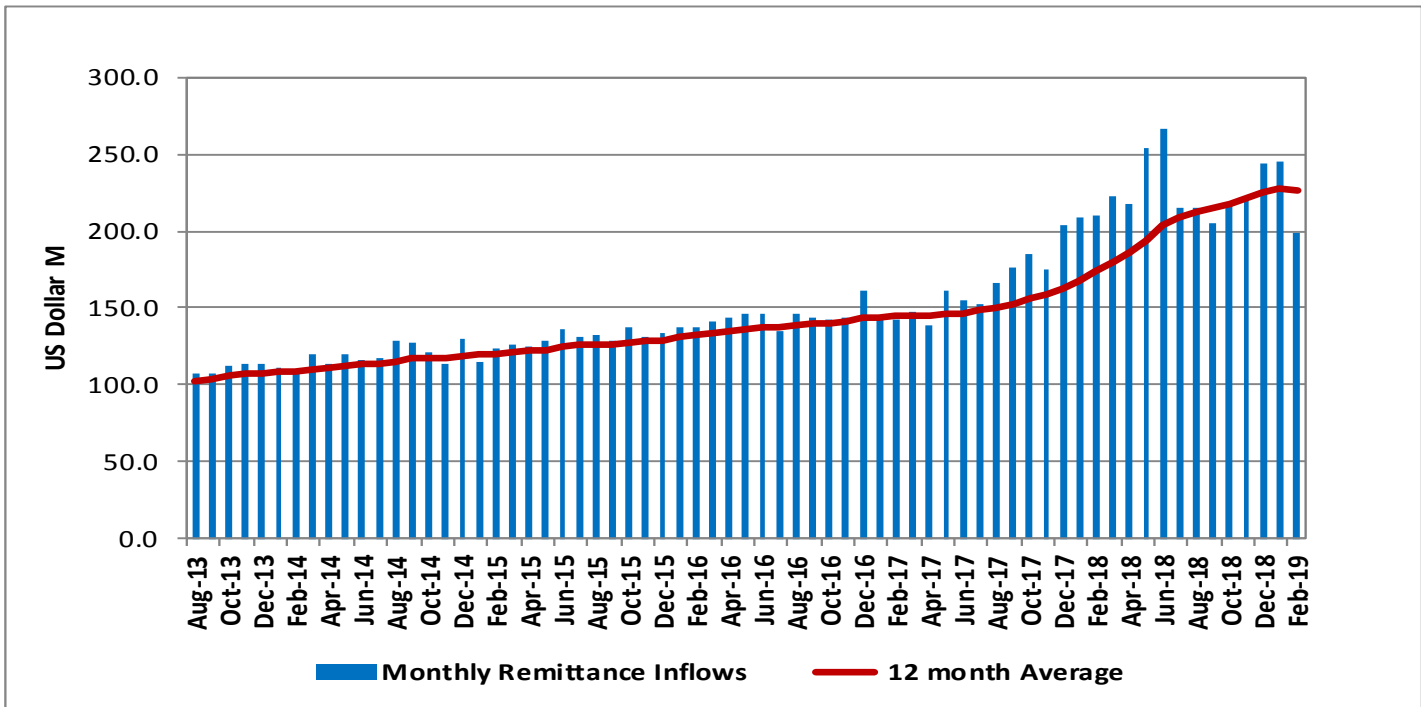
**Table 2: Official Usable Foreign Exchange Reserves**

	31-Jan-19	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19	28-Mar-19	04-Apr-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,136	8,196	8,148	8,392	8,321	8,254	8,192
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.33	5.37	5.29	5.45	5.40	5.31	5.27

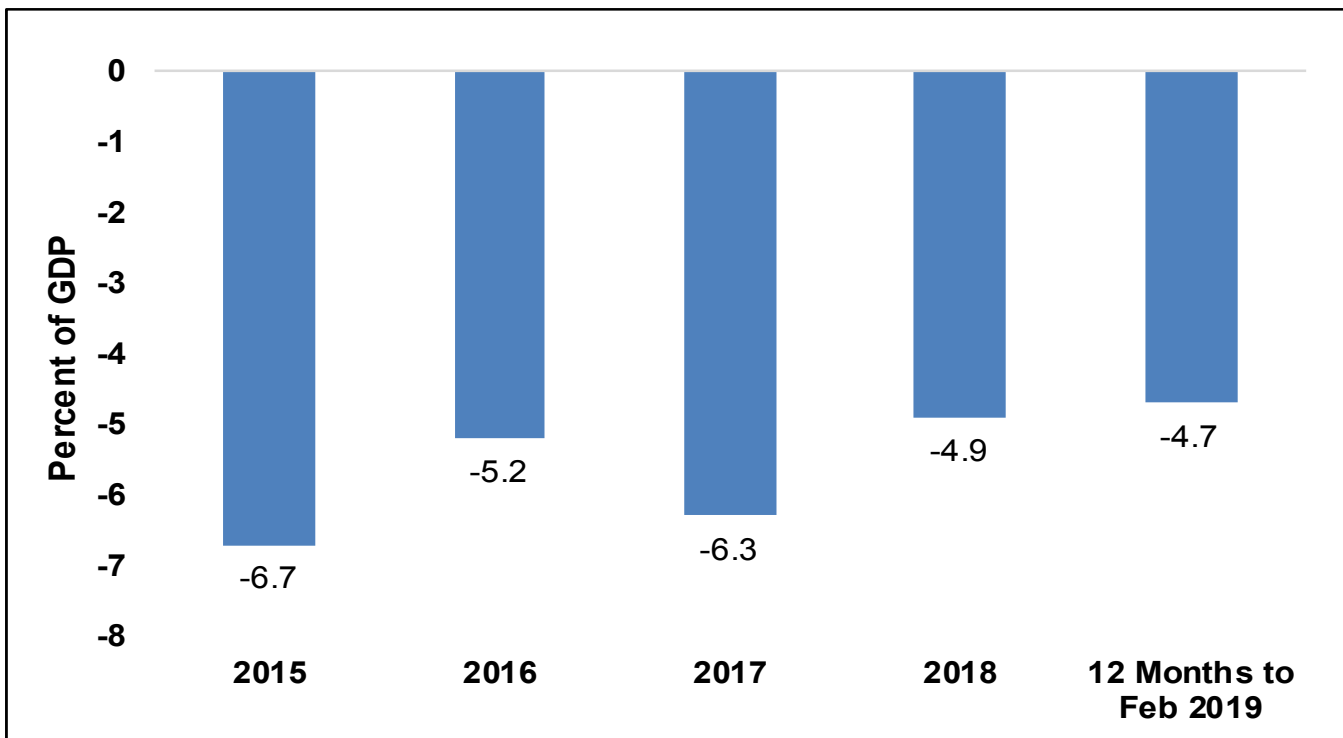
\*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

**Chart 2: Monthly Remittance Inflows (USD)**



**Chart 3: Current Account Balances**



**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Mar-19	11	3,075	2.31
25-Mar-19	9	1,690	2.67
26-Mar-19	9	1,650	2.83
27-Mar-19	7	980	2.77
28-Mar-19	9	1,950	3.06
<b>March 22-28, 2019</b>	<b>9</b>	<b>1,869</b>	<b>2.73</b>
29-Mar-19	8	6,550	2.60
1-Apr-19	8	1,960	2.75
2-Apr-19	8	1,265	3.21
3-Apr-19	12	1,580	3.28
4-Apr-19	11	1,675	3.56
<b>March 29-04, 2019</b>	<b>9</b>	<b>2,606</b>	<b>3.08</b>

Source :Central Bank of Kenya

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

Date of Auction	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19	28-Mar-19	04-Apr-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,936.05	677.22	3,067.71	2,735.65	6,693.92	4,289.00
Amount Accepted (Ksh M)	2,936.05	677.22	3,067.71	2,735.65	966.23	2,816.78
Maturities (Ksh M)	10,458.05	7,021.75	942.25	2,843.50	1,044.15	1,284.00
<b>Average interest Rate (%)</b>	<b>6.89</b>	<b>6.89</b>	<b>6.84</b>	<b>7.70</b>	<b>7.50</b>	<b>7.44</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,761.43	6,143.70	7,956.14	9,057.50	7,343.75	10,260.06
Amount Accepted (Ksh M)	7,713.51	3,839.88	4,720.69	5,610.17	5,908.18	10,048.74
Maturities (Ksh M)	6,961.05	10,111.30	7,586.40	11,552.25	5,245.70	4,574.20
<b>Average interest Rate (%)</b>	<b>8.32</b>	<b>8.32</b>	<b>8.27</b>	<b>8.23</b>	<b>8.20</b>	<b>8.19</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,078.76	14,988.16	26,620.75	35,932.63	30,046.91	45,648.60
Amount Accepted (Ksh M)	6,253.42	14,988.16	16,131.45	26,630.95	23,655.49	29,815.30
Maturities (Ksh M)	10,504.65	19,913.70	20,659.25	15,076.35	6,923.80	17,286.00
<b>Average interest Rate (%)</b>	<b>9.48</b>	<b>9.47</b>	<b>9.44</b>	<b>9.41</b>	<b>9.41</b>	<b>9.39</b>

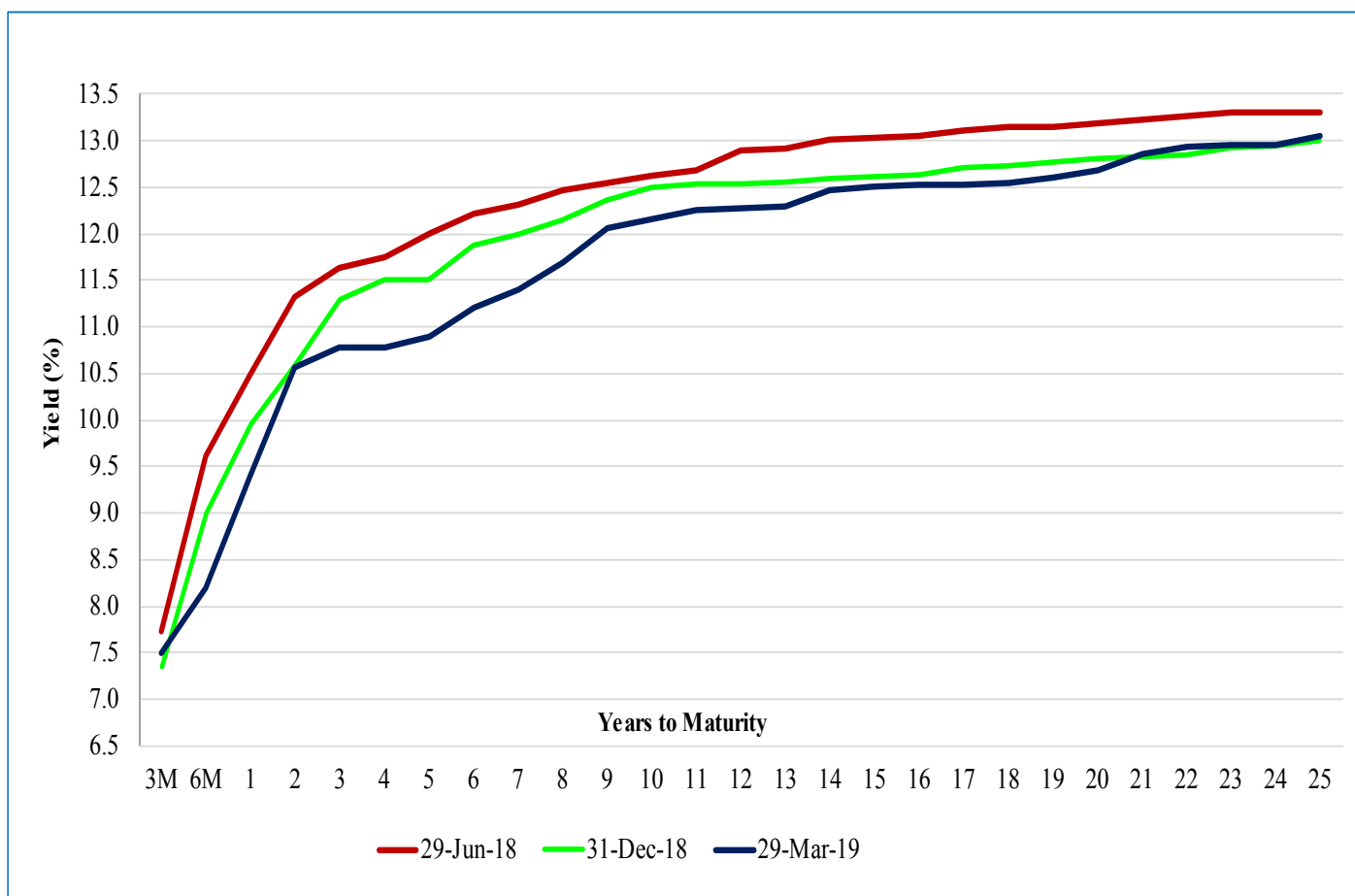
Source: Central Bank of Kenya

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

Date of Auction	23-Jan-19		06-Feb-19		20-Feb-19		20-Mar-19
			REOPEN	REOPEN			
Tenor	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	IFB/2019/25
Amount offered (Ksh M)	40,000.00		12,000.00		50,000.00		50,000.00
Bids received (Ksh M)	101,973.00		66,603.10		78,259.02		29,376.22
Amount Accepted (Ksh M)	23,774.63	14,719.75	7,470.38	15,961.36	20,593.62	32,808.00	16,303.06
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	10.70	12.86	10.33	12.77	11.30	12.44	12.66

Source: Central Bank of Kenya

**Chart 4: Kenya Government Securities Yield Curve**



Source: Nairobi Securities Exchange

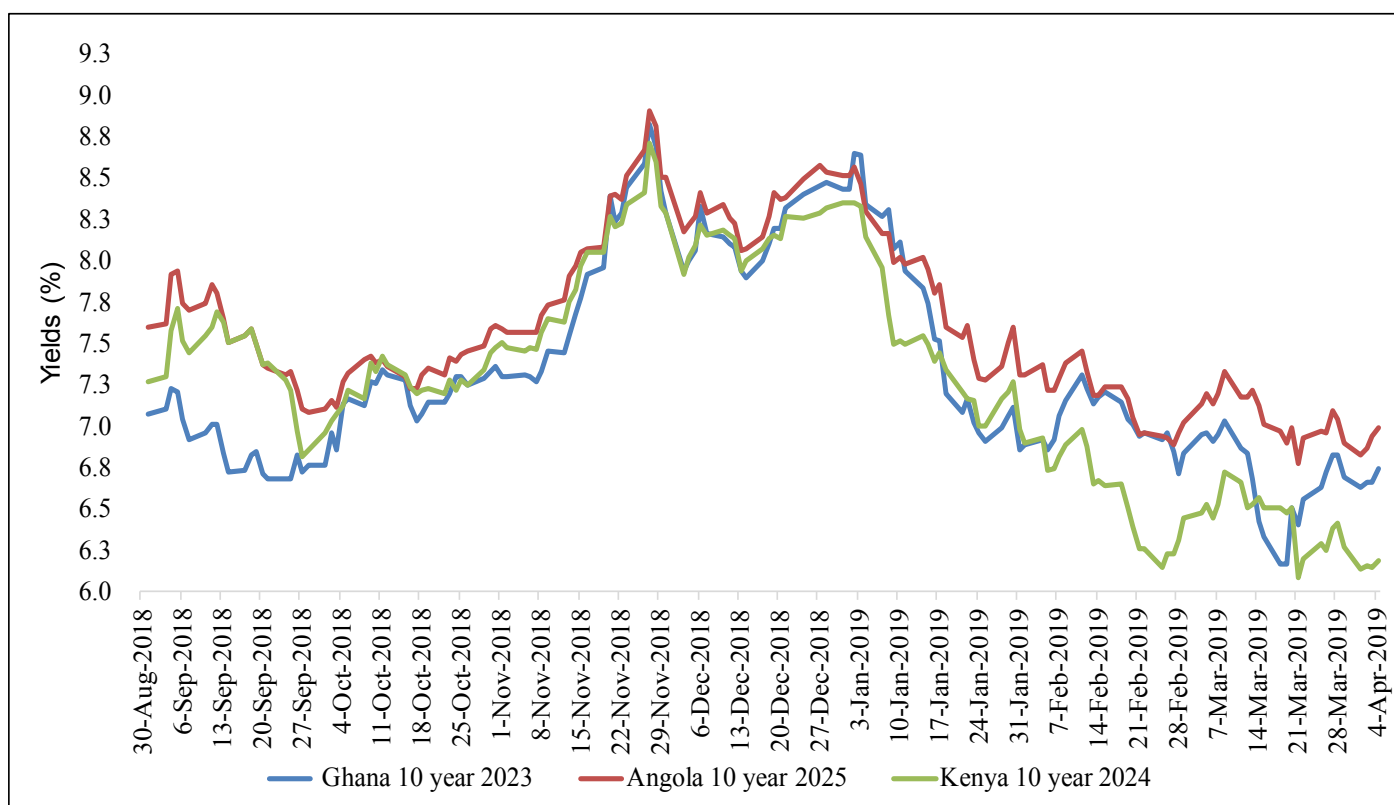
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100= 2008	NSE 25 Share Index	NSE 20 Share Index 100= 1996	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Eurobond Yield (%)
22-Mar-19	160.00	3,979.24	2,887.17	839.00	18.69	523.66	2,395.72	2,201.12	4.769	6.200	7.152	8.148
25-Mar-19	159.07	3,953.65	2,871.90	1,090.00	30.55	865.36	2,381.72	3,027.04	4.756	6.293	7.207	8.224
26-Mar-19	157.37	3,922.29	2,852.15	1,087.00	26.70	631.24	2,356.20	2,684.38	5.264	6.248	7.118	8.181
27-Mar-19	156.30	3,902.65	2,840.86	969.00	16.01	517.61	2,340.19	5,153.92	4.647	6.388	7.287	8.283
28-Mar-19	155.85	3,895.16	2,835.47	857.00	11.88	417.68	2,333.41	3,687.60	5.351	6.418	7.298	8.259
<b>March 22-28</b>	<b>155.85</b>	<b>3895.16</b>	<b>2835.47</b>	<b>4,842.00</b>	<b>103.83</b>	<b>2,955.55</b>	<b>2333.41</b>	<b>16,754.06</b>	<b>5.351</b>	<b>6.418</b>	<b>7.298</b>	<b>8.259</b>
29-Mar-19	157.66	3,935.99	2,846.35	1,082.00	18.60	664.81	2,360.52	2,679.66	5.258	6.275	7.114	8.148
1-Apr-19	159.01	3,976.34	2,849.59	437.00	11.49	369.65	2,380.75	3,396.40	5.251	6.136	7.039	8.080
2-Apr-19	159.76	3,989.36	2,860.56	1,075.00	32.35	1,215.05	2,392.10	3,012.82	5.243	6.162	7.057	8.113
3-Apr-19	160.08	3,999.52	2,865.70	899.00	11.22	486.47	2,396.89	3,065.91	5.190	6.144	7.087	8.143
4-Apr-19	159.58	3,982.76	2,848.05	833.00	7.26	189.67	2,389.28	2,300.23	5.118	6.190	7.121	8.187
<b>March 29-April 4,</b>	<b>159.58</b>	<b>3982.76</b>	<b>2848.05</b>	<b>4,326.00</b>	<b>80.92</b>	<b>2,925.65</b>	<b>2389.28</b>	<b>14,455.02</b>	<b>5.118</b>	<b>6.190</b>	<b>7.121</b>	<b>8.187</b>
<b>Weekly Change(%)</b>	<b>2.39</b>	<b>2.25</b>	<b>0.44</b>	<b>-10.66</b>	<b>-22.06</b>	<b>-1.01</b>	<b>2.39</b>	<b>-13.72</b>	<b>(0.233)*</b>	<b>(0.228)*</b>	<b>(0.177)*</b>	<b>(0.072)*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

**Chart 5: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters

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

	29-Jun-18	28-Dec-18	01-Mar-19	08-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	971.54	961.16	944.94	941.42	949.66
<i>(As % of total securities)</i>	<b>36.75</b>	<b>36.90</b>	<b>36.80</b>	<b>36.55</b>	<b>36.15</b>	<b>36.07</b>	<b>36.04</b>
2. Treasury Bonds	1,511.87	1,546.29	1,668.63	1,668.63	1,668.83	1,668.83	1,685.66
<i>(As % of total securities)</i>	<b>63.25</b>	<b>63.10</b>	<b>63.20</b>	<b>63.45</b>	<b>63.85</b>	<b>63.93</b>	<b>63.96</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,640.17	2,629.79	2,613.76	2,610.24	2,635.31
4. Overdraft at Central Bank	56.85	45.86	19.67	19.26	37.35	42.36	36.90
5. Other Domestic debt*	31.44	31.61	31.41	31.42	31.78	31.80	31.78
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,691.25</b>	<b>2,680.47</b>	<b>2,682.89</b>	<b>2,684.40</b>	<b>2,703.98</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)**

	29-Jun-18	28-Dec-18	01-Mar-19	08-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19
Treasury bills (Excluding Repos)	35.45	35.77	36.10	35.86	35.22	35.07	35.12
Treasury bonds	60.99	61.17	62.00	62.25	62.20	62.17	62.34
CBK Overdraft to Government	2.29	1.81	0.73	0.72	1.39	1.58	1.36
Other domestic debt	1.27	1.25	1.17	1.17	1.18	1.18	1.18
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	29-Jun-18	28-Dec-18	01-Mar-19	08-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19
Banking Institutions	55.19	54.53	54.31	54.38	54.93	54.81	54.88
Insurance Companies	6.23	6.06	6.20	6.24	6.20	6.19	6.16
Parastatals	7.04	7.25	7.23	7.24	7.04	7.14	7.10
Pension funds	27.09	27.59	27.78	27.82	27.49	27.56	27.49
Other investors	4.44	4.57	4.48	4.33	4.34	4.30	4.37
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	Jun-17	Dec-17	Jun-18	Sep-18	Dec-18	Jan-19	Feb-19
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,548.77	2,604.19	2,691.61
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.74	27.05	27.05
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,723.73	2,729.48	2,707.29
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>4,569.63</b>	<b>5,039.03</b>	<b>5,146.04</b>	<b>5,272.50</b>	<b>5,333.67</b>	<b>5,398.90</b>

Source: National Treasury and Central Bank of Kenya