



Central Bank of Kenya

# Weekly Bulletin

February 15, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 14. It exchanged at Ksh 100.25 per US Dollar on February 14 compared to KSh 100.10 on February 7 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves coverage remained adequate at USD 8,143 million (5.3 months of import cover) as at February 14. This meets the 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).

### Remittances

The strong growth in remittance inflows continued in January 2019. The inflows improved from USD 209 million in January 2018 to USD 245 million in January 2019, an increase of 17 percent. The 12-month cumulative inflows to January increased to USD 2,733 million from USD 2,013 million in the 12 months to January 2018, reflecting a 36 percent growth (Chart 1). North America, Europe and the rest of the world accounted for 44 percent, 34 percent and 22 percent, respectively, of the total remittances in January 2019.

### Money Market

The money market remained liquid during the week ending February 14. Commercial banks' excess reserves stood at KSh 20.8 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 1.24 percent on February 14 compared to 1.79 percent on February 7. However, the average number of interbank deals increased to 21 compared to 11 in the previous week while the average interbank volumes traded increased to KSh 16.7 billion from KSh 4.3 billion (Table 3).

### Government Securities Market

The Treasury bills auction of February 14 received bids totaling KSh 33.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 140.3 percent. The 364-day Treasury bill attracted the highest bids amounting to

KSh 17.1 billion. Interest rates on all the Treasury bill tenures declined during the week's auction (Table 4).

### Equity Market

The equity market recorded mixed performance during the week ending February 14. The NASI and NSE 25 share price indices declined by 0.99 percent and 0.40 percent, respectively, while the NSE 20 share price index increased by 0.50 percent. The number of shares traded declined by 14.64 percent while market capitalization decreased by 0.99 percent during the week (Table 6).

### Bond Markets

Trading activity in the secondary bond market increased by 32.50 percent during the week. In the international market, decline in bond yields continued during the week, with yields on Kenya's 10-year 2024, 10-year 2028 and 30-year Eurobonds declining by 15.20, 9.90 and 16.20 basis points, respectively. However, the yield on 5-year Eurobond rose by 7.70 basis points (Table 6). The yield on Ghana's 10-year Eurobond also rose during the week while that of Angola's 10-year Eurobond declined marginally (Chart 3).

### Global Trends

The uncertainty surrounding Brexit continued during the week ending February 14, with an increasing possibility of a no-deal Brexit. Global market equities edged up slightly in reaction to President Trump's statement that the US-China trade talks were progressing well, which boosted investor optimism.

The global oil price edged up during the week buoyed by higher than expected demand for oil in China, continued supply cut by some major OPEC members, and the continued US sanctions on Venezuela oil exports. The Murban oil prices rose to USD 66.38 per barrel on February 14 from USD 63.89 on February 7.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-Feb-19	100.62	131.94	115.58	92.69	36.51	23.03	8.91	17.86
4-Feb-19	100.38	131.27	114.90	91.47	36.56	23.06	8.93	17.90
5-Feb-19	100.15	130.72	114.65	91.27	36.81	23.14	8.96	17.95
6-Feb-19	100.07	130.17	114.36	91.14	36.77	23.15	8.96	17.96
7-Feb-19	100.10	129.71	114.01	91.13	36.65	23.15	8.96	17.96
<b>February 1-7</b>	<b>100.26</b>	<b>130.76</b>	<b>114.70</b>	<b>91.54</b>	<b>36.66</b>	<b>23.11</b>	<b>8.95</b>	<b>17.93</b>
8-Feb-19	100.15	129.85	113.63	91.27	36.60	23.17	8.96	17.95
11-Feb-19	100.36	130.16	113.90	91.39	36.62	23.12	8.94	17.91
12-Feb-19	100.53	129.65	113.71	91.07	36.50	23.13	8.93	17.89
13-Feb-19	100.28	129.16	113.27	90.80	36.58	23.19	8.95	17.93
14-Feb-19	100.25	129.21	113.21	90.78	36.60	23.19	8.95	17.94
<b>February 8-14</b>	<b>100.31</b>	<b>129.60</b>	<b>113.54</b>	<b>91.06</b>	<b>36.58</b>	<b>23.16</b>	<b>8.95</b>	<b>17.93</b>

\* Units of currency per Kenya Shilling

Source : Central Bank of Kenya

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

	03-Jan-19	10-Jan-19	17-Jan-19	24-Jan-19	31-Jan-19	07-Feb-19	14-Feb-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,019	7,983	8,047	8,076	8,136	8,232	8,143
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.26	5.23	5.27	5.29	5.33	5.39	5.34

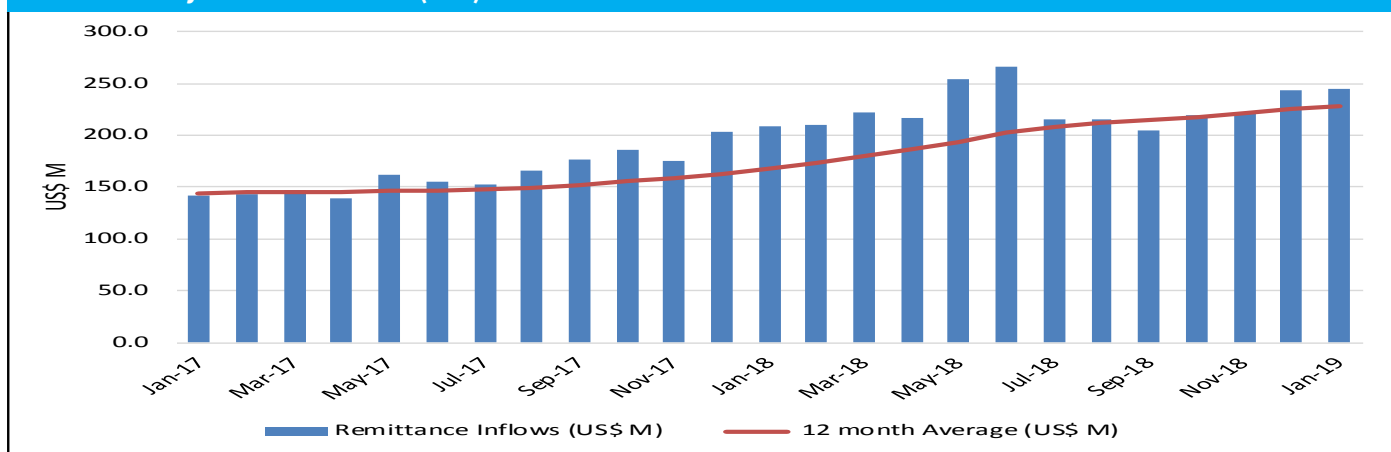
\*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
1-Feb-19	13	2,065	5.42
4-Feb-19	9	1,140	5.46
5-Feb-19	12	6,475	2.61
6-Feb-19	12	6,275	2.17
7-Feb-19	10	5,475	1.79
<b>February 1-7, 2019</b>	<b>11</b>	<b>4,286</b>	<b>3.49</b>
8-Feb-19	12	6,275	1.55
11-Feb-19	21	21,420	1.43
12-Feb-19	30	25,540	1.41
13-Feb-19	22	17,620	1.29
14-Feb-19	19	12,525	1.24
<b>February 8-14, 2019</b>	<b>21</b>	<b>16,676</b>	<b>1.38</b>

Source : Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows (USD)**

Source: Central Bank of Kenya

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

Date of Auction	24-Jan-19	31-Jan-19	07-Feb-19	14-Feb-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,951.57	2,385.99	3,337.47	4,860.38
Amount Accepted (Ksh M)	4,951.57	2,385.99	3,337.47	4,860.28
Maturities (Ksh M)	2,481.90	5,226.45	1,998.90	7,415.15
<b>Average interest Rate (%)</b>	<b>7.12</b>	<b>7.06</b>	<b>7.04</b>	<b>7.02</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,730.67	8,097.64	14,927.17	11,706.83
Amount Accepted (Ksh M)	3,119.41	8,031.57	8,936.82	9,688.95
Maturities (Ksh M)	6,044.75	5,366.55	2,137.55	7,574.10
<b>Average interest Rate (%)</b>	<b>8.83</b>	<b>8.78</b>	<b>8.57</b>	<b>8.48</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	25,165.27	29,688.86	29,318.88	17,093.95
Amount Accepted (Ksh M)	18,464.19	21,921.84	16,641.81	16,054.10
Maturities (Ksh M)	11,369.55	12,736.30	19,024.55	13,263.65
<b>Average interest Rate (%)</b>	<b>9.91</b>	<b>9.86</b>	<b>9.64</b>	<b>9.55</b>

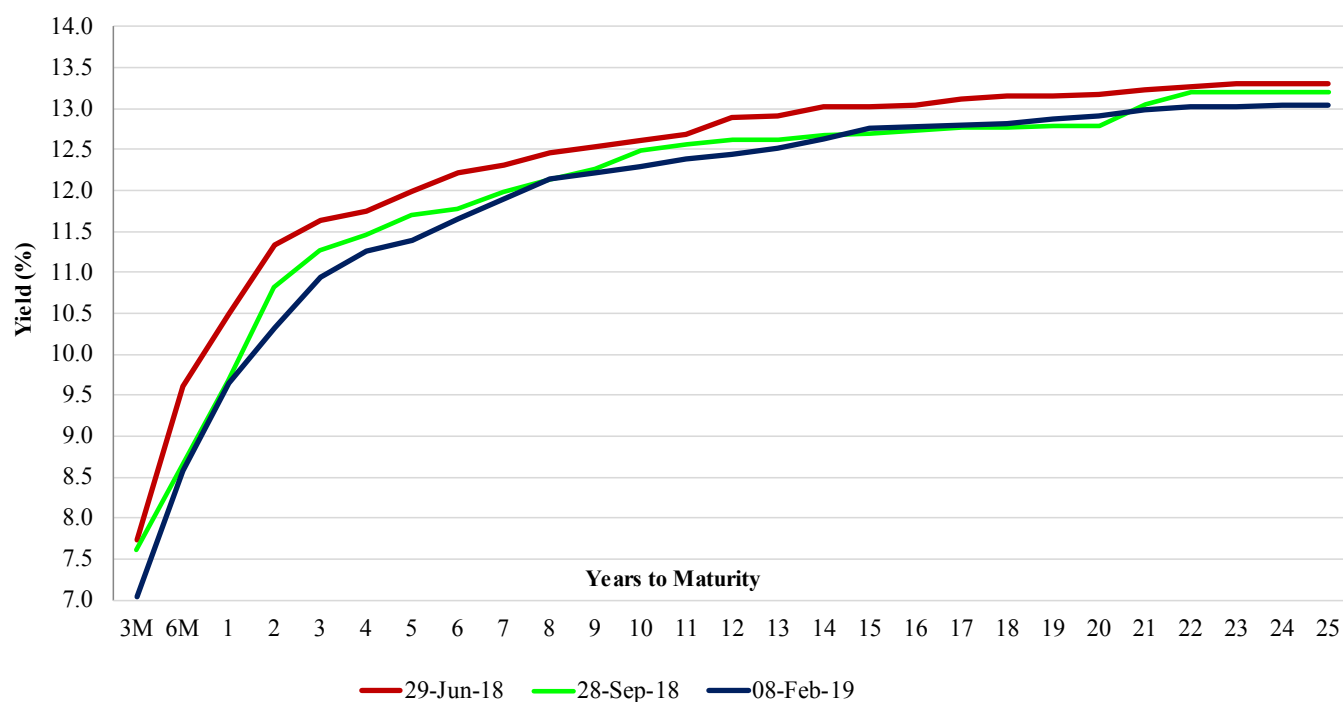
Source: Central Bank of Kenya

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

Date of Auction	19-Sep-18		27-Dec-18	23-Jan-19		06-Feb-19	
	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN
Tenor	FXD1/2018/10	FXD1/2018/20	FXD2/2018/10	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/2	FXD 1/2019/15
Amount offered (Ksh M)	40,000.00		13,840.00	40,000.00		12,000.00	
Bids received (Ksh M)	32,466.53		6,623.89	101,973.00		66,603.10	
Amount Accepted (Ksh M)	21,244.61	5,308.37	6,623.89	23,774.63	14,719.75	7,470.38	15,961.36
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.67	12.93	12.50	10.70	12.86	10.33	12.77

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

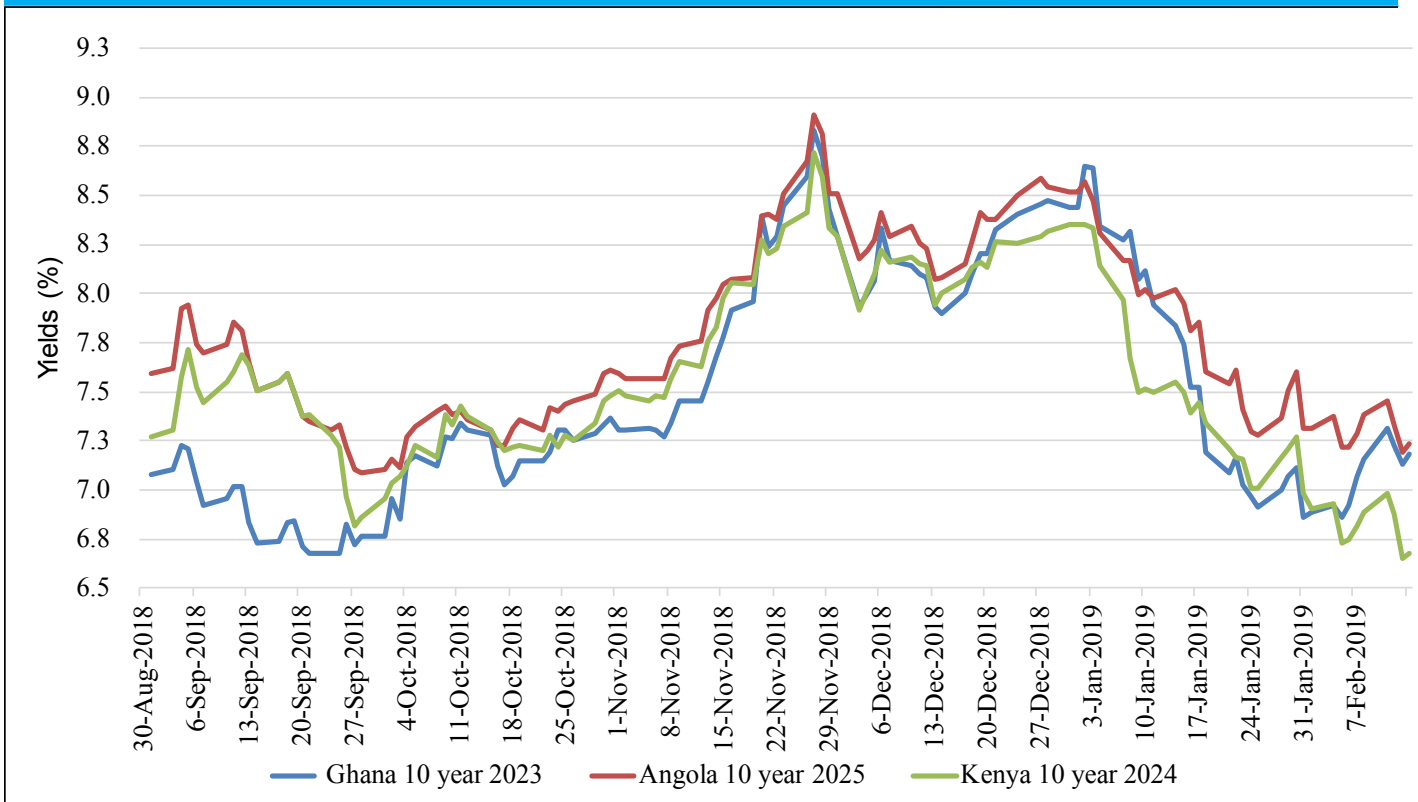
Table 6: Key Weekly Market Indicators

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 Euro-bond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Euro-bond Yield (%)
1-Feb-19	154.52	3,929.29	2,982.73	1099	26.13	769.47	2,313.40	3,403.71	4.892	6.902	7.635	8.628
4-Feb-19	155.49	3,933.46	2,972.79	1014	19.00	602.14	2,327.91	1,610.28	5.174	6.929	7.597	8.648
5-Feb-19	157.85	3,999.21	3,004.88	1143	29.78	728.89	2,363.34	1,057.68	4.838	6.732	7.402	8.423
6-Feb-19	160.26	4,058.67	3,041.21	1248	33.26	2,522.21	2,399.51	3,228.80	5.163	6.749	7.421	8.411
7-Feb-19	160.44	4,059.03	3,043.12	1422	44.14	967.02	2,402.23	2,242.59	5.119	6.821	7.483	8.460
<b>February 1-7, 2019</b>	<b>160.44</b>	<b>4,059.03</b>	<b>3,043.12</b>	<b>5926.00</b>	<b>152.31</b>	<b>5589.73</b>	<b>2402.23</b>	<b>11543.06</b>	<b>5.119</b>	<b>6.821</b>	<b>7.483</b>	<b>8.460</b>
8-Feb-19	160.44	4,067.35	3,059.98	1,209	50.12	1,519.11	2,402.21	1,955.30	5.058	6.891	7.620	8.545
11-Feb-19	160.53	4,086.20	3,067.91	991	20.14	494.81	2,403.51	1,828.36	4.609	6.986	7.686	8.576
12-Feb-19	160.28	4,078.80	3,063.96	1,420	19.90	617.61	2,399.84	4,305.45	4.627	6.875	7.519	8.459
13-Feb-19	160.28	4,074.69	3,070.33	1,117	21.65	752.87	2,399.86	4,644.82	4.813	6.652	7.320	8.289
14-Feb-19	158.85	4,042.60	3,058.29	1,070	18.19	517.51	2,378.36	2,560.37	5.096	6.675	7.403	8.330
<b>February 8-14, 2019</b>	<b>158.85</b>	<b>4,042.60</b>	<b>3,058.29</b>	<b>5807.00</b>	<b>130.01</b>	<b>3901.91</b>	<b>2378.36</b>	<b>15294.30</b>	<b>5.096</b>	<b>6.675</b>	<b>7.403</b>	<b>8.330</b>
<b>Weekly Change(%)</b>	<b>-0.99</b>	<b>-0.40</b>	<b>0.50</b>	<b>-2.01</b>	<b>-14.64</b>	<b>-30.20</b>	<b>-0.99</b>	<b>32.50</b>	<b>0.077*</b>	<b>-0.152*</b>	<b>-0.099*</b>	<b>-0.162*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 3: 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	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19	08-Feb-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	904.30	928.48	935.92	943.94	956.05
<b>(As % of total securities)</b>	<b>36.75</b>	<b>36.90</b>	<b>36.80</b>	<b>37.42</b>	<b>37.60</b>	<b>37.23</b>	<b>37.53</b>
2. Treasury Bonds	1,511.87	1,546.29	1,552.92	1,552.92	1,552.92	1,591.34	1,591.34
<b>(As % of total securities)</b>	<b>63.25</b>	<b>63.10</b>	<b>63.20</b>	<b>62.58</b>	<b>62.40</b>	<b>62.77</b>	<b>62.47</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,457.22	2,481.40	2,488.84	2,535.28	2,547.39
4. Overdraft at Central Bank	56.85	45.86	60.35	39.47	37.57	36.89	27.93
5. Other Domestic debt*	31.44	31.61	31.61	31.62	31.61	32.25	31.61
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,549.18</b>	<b>2,552.49</b>	<b>2,558.01</b>	<b>2,604.41</b>	<b>2,606.93</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	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19	08-Feb-19
Treasury bills (Excluding Repos)	35.45	35.77	35.47	36.38	36.59	36.24	36.67
Treasury bonds	60.99	61.17	60.92	60.84	60.71	61.10	61.04
CBK Overdraft to Government	2.29	1.81	2.37	1.55	1.47	1.42	1.07
Other domestic debt	1.27	1.25	1.24	1.24	1.24	1.24	1.21
<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	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19	08-Feb-19
Banking Institutions	55.19	54.53	55.05	54.76	54.38	54.36	54.43
Insurance Companies	6.23	6.06	6.03	6.01	5.98	6.01	6.09
Parastatals	7.04	7.25	7.21	7.43	7.36	7.36	7.31
Pension funds	27.09	27.59	27.21	27.31	27.77	27.79	27.57
Other investors	4.44	4.57	4.51	4.49	4.50	4.49	4.60
<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	Oct-18	Nov-18	Dec-18
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,535.75	2,563.42	2,548.77
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.07	26.42	26.74
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,654.69	2,709.01	2,723.73
<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>5,190.44</b>	<b>5,272.43</b>	<b>5,272.50</b>

Source: National Treasury and Central Bank of Kenya