



Central Bank of Kenya

# Weekly Statistical Bulletin

Key Monetary and Financial Indicators

May 31, 2018

## Inflation

Overall inflation increased for the first time since January 2018, as a result of rising fuel inflation which outweighed the declining food inflation. However, it remains below the mid-point of the Government medium term target of 5 percent. It increased to 4.0 percent in May 2018 from 3.7 percent in April 2018. Fuel inflation increased to 11.4 percent in May from 10.2 percent in April following rising prices of charcoal due to the effects of the government crackdown on illegal logging and charcoal burning. Food inflation declined marginally to 0.7 percent in May 2018 from 0.8 percent in April 2018. The Non-Food-Non-Fuel (NFnF) inflation remained relatively stable at 3.9 percent in May compared to 4.0 percent in April 2018, reflecting minimal demand pressures in the economy (**Chart 1**).

## Interbank Market

Trading in the interbank market increased during the week ending May 30, 2018 as banks sought funds to pay for government securities due on May 28, 2018. The volumes traded increased to an average of KSh 16.2 billion from KSh 7.9 billion in the previous week while the number of deals also increased to an average of 28 from an average of 20. However, the weighted average interbank rate decreased to 5.37 percent from 5.70 percent in the previous week, reflecting increased participation by large banks which tend to lend to each other at lower interest rates (**Table 1**).

## Exchange Rate

The Kenya Shilling strengthened against the Sterling Pound and the Euro but weakened against the Japanese Yen and the US Dollar during the week ending May 31, 2018. The weakening of the Kenya Shilling against the US Dollar reflected increased

corporate demand and dividend payouts. In the EAC region the Kenya Shilling weakened against other currencies (**Table 2**).

## Equity Market

The equity market recorded mixed performance during the four trading days ending May 30, 2018. All the equities market indicators declined during the period compared with the week ending May 24, 2018. Equities prices declined as reflected in NASI, NSE25 and the NSE20 share indices. The lower prices led to decline in equity turnover, by 10.19 percent, and Shareholders' wealth, by 2.07 percent (**Table 3**). The low performance may be a combination of fewer trading days and weak financial results under release for the first quarter of 2018.

## Bond Market

The volume of bonds traded increased by 5.28 percent in the week ending May 30, 2018, compared to the previous week, reflecting improved investor appetite for more safe assets class.

The yields on Kenyan Eurobonds declined across all the four tranches, reflecting improved demand and market liquidity. Compared to 10-year Eurobonds issued by select African countries, yields on Kenya's 10-year Eurobond closed the trading week lower and stable (**Chart 2**).

**Table 1: Interbank Deals, Volumes and Interest Rates**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
17-May-18	28	10,800	5.64
18-May-18	27	12,515	5.83
21-May-18	15	4,315	5.52
22-May-18	13	4,320	5.80
23-May-18	17	7,340	5.70
<b>May 17 - 23, 2018</b>	<b>20</b>	<b>7,858</b>	<b>5.70</b>
24-May-18	26	10,190	5.83
25-May-18	29	16,290	5.70
28-May-18	29	19,500	5.43
29-May-18	23	14,740	5.17
30-May-18	31	20,140	4.74
<b>May 24 - 30, 2018</b>	<b>28</b>	<b>16,172</b>	<b>5.37</b>

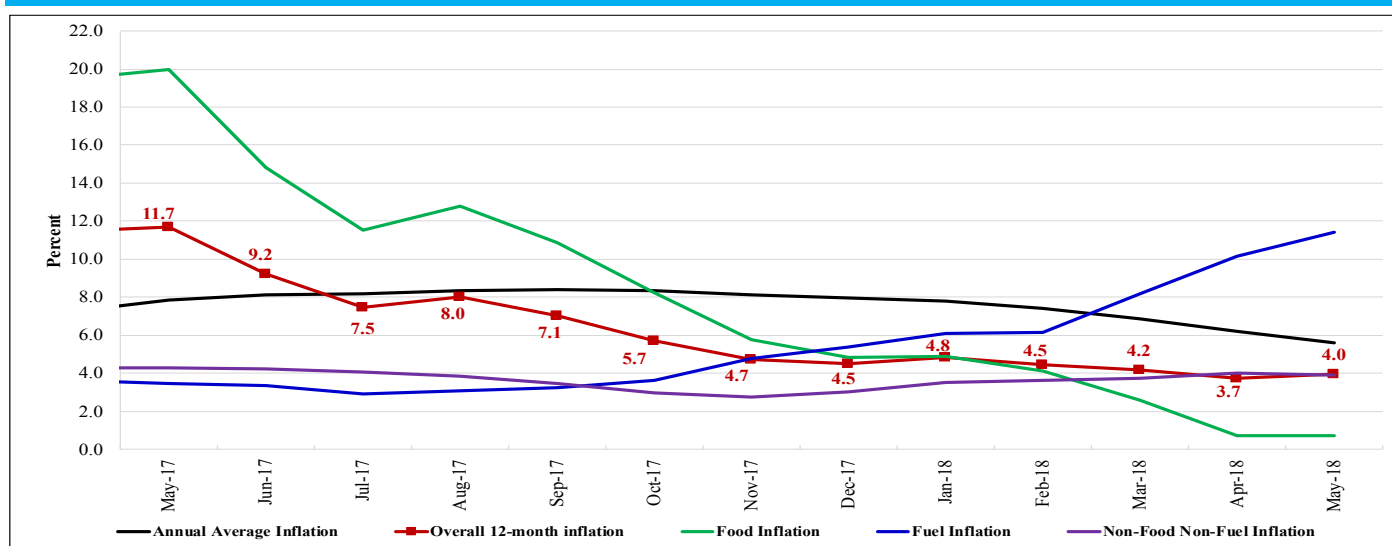
Source: Central Bank of Kenya

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
18-May-18	100.42	135.61	118.50	90.69	37.01	22.72	8.66	17.54
21-May-18	100.55	135.49	118.36	90.68	37.00	22.68	8.52	17.66
22-May-18	100.60	134.95	118.29	90.45	37.04	22.67	8.64	17.51
23-May-18	100.80	135.42	118.73	90.80	37.02	22.64	8.62	17.48
24-May-18	101.00	134.80	118.30	91.75	36.99	22.59	8.61	17.44
<b>May 18 - 24, 2018</b>	<b>100.67</b>	<b>135.25</b>	<b>118.44</b>	<b>90.87</b>	<b>37.01</b>	<b>22.66</b>	<b>8.61</b>	<b>17.53</b>
25-May-18	101.07	135.32	118.50	92.32	36.97	22.58	8.60	17.53
28-May-18	101.18	134.95	117.96	92.65	37.00	22.55	8.60	17.42
29-May-18	101.54	135.14	117.76	93.06	36.96	22.47	8.57	17.35
30-May-18	101.57	134.65	117.21	93.51	37.02	22.46	8.57	17.35
31-May-18	101.48	134.87	117.84	93.19	37.08	22.48	8.58	17.36
<b>May 25 - 31, 2018</b>	<b>101.37</b>	<b>134.98</b>	<b>117.86</b>	<b>92.94</b>	<b>37.00</b>	<b>22.51</b>	<b>8.58</b>	<b>17.40</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Chart 1: Inflation Development**

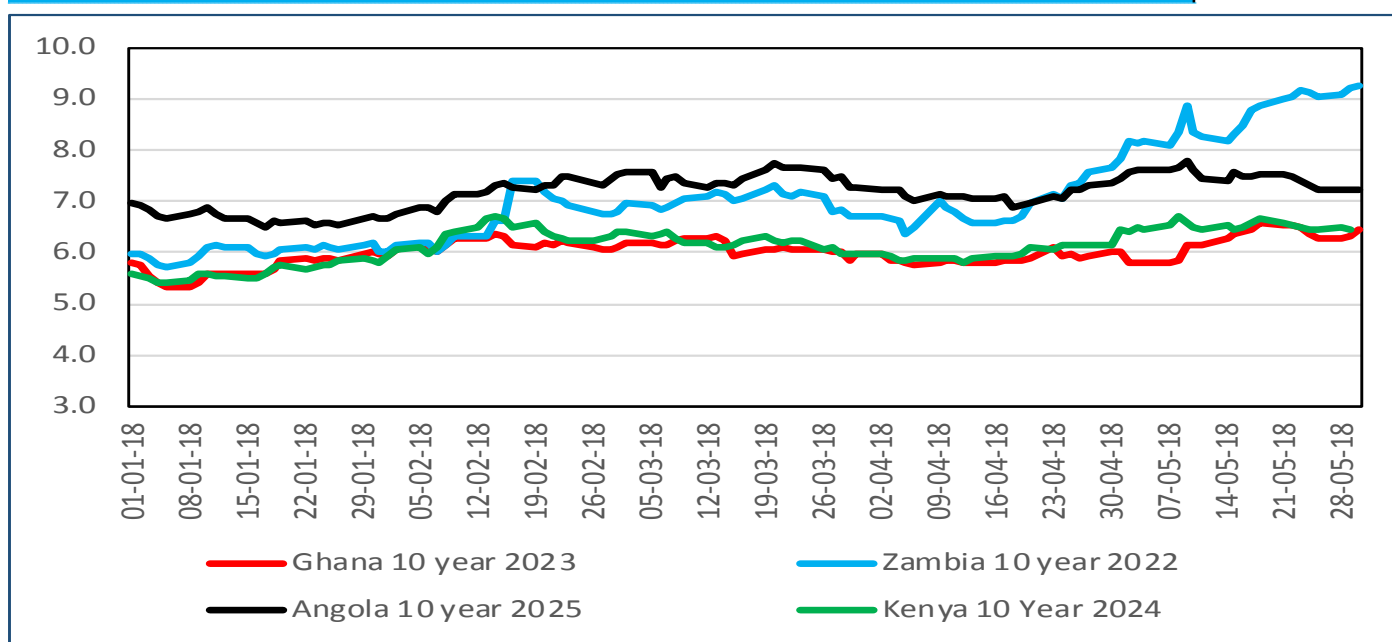
Source: KNBS and CBK staff calculations

**Table 3: 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 Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
18-May-18	179.25	4,648.36	3,494.17	1,037	16.46	515.31	2,640.55	2,857.63	5.11	6.581	7.111	8.234
21-May-18	177.72	4,605.58	3,477.08	1,320	19.54	560.90	2,622.96	2,290.71	5.15	6.646	7.140	8.282
22-May-18	178.14	4,607.33	3,445.01	1,328	28.28	571.79	2,629.22	1,946.81	5.03	6.580	7.086	8.226
23-May-18	177.04	4,587.73	3,433.56	1,417	50.95	1,068.10	2,612.97	1,418.69	5.20	6.550	7.097	8.217
24-May-18	176.56	4,562.29	3,406.89	1,502	26.93	493.70	2,613.06	1,466.33	5.19	6.470	7.018	8.172
<b>May 18 - 24, 2018</b>	<b>176.56</b>	<b>4,562.29</b>	<b>3,406.89</b>	<b>6,604</b>	<b>142.16</b>	<b>3,209.80</b>	<b>2,613.06</b>	<b>9,980.17</b>	<b>5.19</b>	<b>6.470</b>	<b>7.018</b>	<b>8.172</b>
25-May-18	175.37	4,517.36	3,364.58	1,178	41.80	687.45	2,595.53	1,466.33	5.04	6.460	6.969	8.118
28-May-18	174.73	4,515.35	3,344.88	1,323	34.55	738.01	2,588.16	2,942.95	5.14	6.450	7.004	8.127
29-May-18	174.09	4,514.10	3,358.69	1,428	27.16	804.87	2,572.17	4,141.26	5.19	6.470	7.025	8.172
30-May-18	173.20	4,496.41	3,353.08	1,694	25.58	652.33	2,559.05	1,956.89	5.14	6.454	6.997	8.158
<b>May 25 - 30, 2018</b>	<b>173.20</b>	<b>4,496.41</b>	<b>3,353.08</b>	<b>5,623</b>	<b>129.10</b>	<b>2,882.67</b>	<b>2,559.05</b>	<b>10,507.42</b>	<b>5.14</b>	<b>6.454</b>	<b>6.997</b>	<b>8.158</b>
<b>Weekly Change (%)</b>	<b>-1.90</b>	<b>-1.44</b>	<b>-1.58</b>	<b>-14.85</b>	<b>-9.18</b>	<b>-10.19</b>	<b>-2.07</b>	<b>5.28</b>	<b>-0.05*</b>	<b>-0.02*</b>	<b>-0.02*</b>	<b>-0.01*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Reuters

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

Source: Thompson Reuters

**Table 4: Performance of Treasury Bonds**

Date of Auction	28-Sep-17		28-Dec-17		28-Mar-18		25-Apr-18		23-May-18
Tenor	TAP FXD 1/2017/2	TAP FXD 1/2017/10	TAP FXD1/2008/15	TAP FXD1/2017/10	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15
Amount offered (Ksh M)	13,000.0		20,000.0		8,500.0		40,000.0		40,000.0
Bids received (Ksh M)	11,137.6	635.0	2,683.6	5,138.9	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0
Amount Accepted (Ksh M)	11,137.6	635.0	2,683.6	5,138.9	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	11.619	13.072	12.581	13.087	12.299	13.336	12.317	13.327	13.078

Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bills****91-Day Treasury Bills**

Date of Auction	03-May-18	10-May-18	17-May-18	24-May-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,914.98	4,831.47	3,309.55	7,783.58
Amount Accepted (Ksh M)	3,934.58	4,746.57	2,936.99	7,746.91
Maturities (Ksh M)	5,829.15	2,074.55	4,363.25	4,800.05
<b>Average interest Rate (%) - 91 Days</b>	<b>7.974</b>	<b>7.967</b>	<b>7.950</b>	<b>7.939</b>

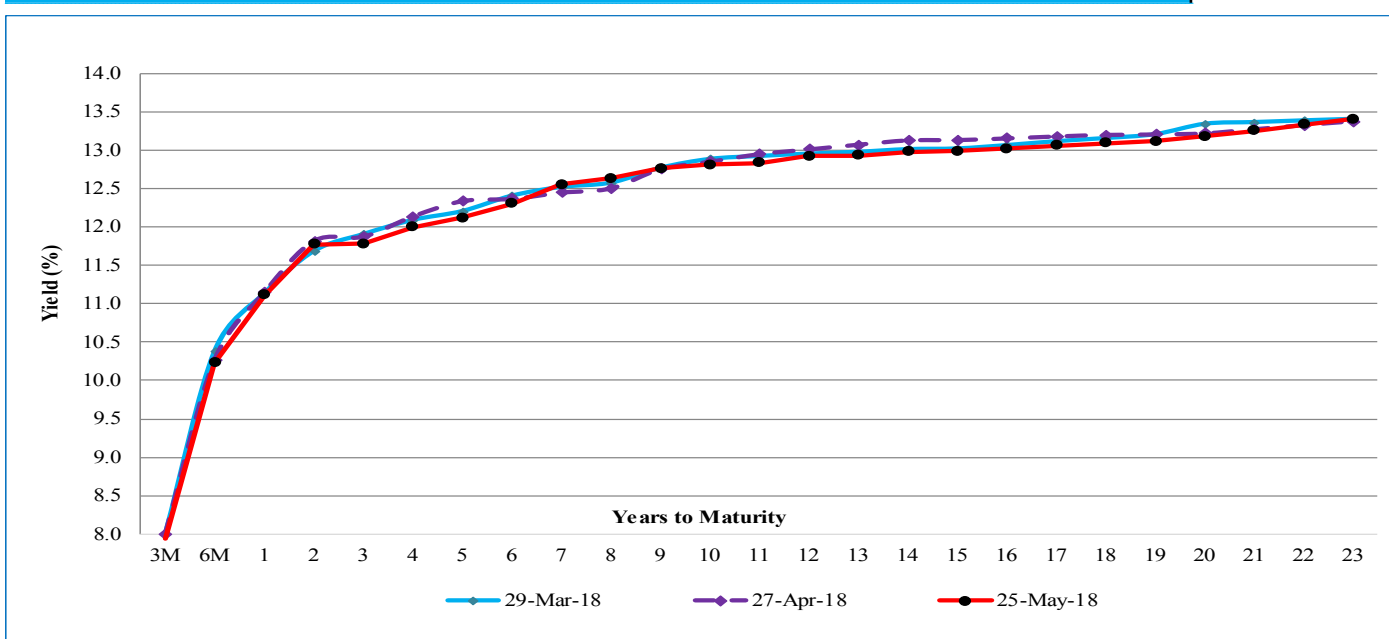
**182-Day Treasury Bills**

Date of Auction	03-May-18	10-May-18	17-May-18	24-May-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	12,417.06	15,080.22	7,856.79	11,763.09
Amount Accepted (Ksh M)	8,134.53	12,495.55	4,366.81	9,901.04
Maturities (Ksh M)	4,414.10	5,542.05	9,537.35	5,035.85
<b>Average interest Rate (%) - 182 days</b>	<b>10.269</b>	<b>10.265</b>	<b>10.257</b>	<b>10.232</b>

**364-Day Treasury Bills**

Date of Auction	03-May-18	10-May-18	17-May-18	24-May-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	15,507.04	19,843.20	32,778.14	24,671.66
Amount Accepted (Ksh M)	14,561.47	19,020.24	23,306.84	20,092.92
Maturities (Ksh M)	9,842.95	11,696.00	16,425.40	13,139.70
<b>Average interest Rate (%) - 364 days</b>	<b>11.145</b>	<b>11.141</b>	<b>11.127</b>	<b>11.111</b>

Source: Central Bank of Kenya

**Chart 3: Kenya Government Securities Yield Curve**

Source: Central Bank of Kenya and NSE

**Table 6: Government Domestic Debt (Ksh Billion)**

	29-Dec-17	26-Jan-18	23-Feb-18	29-Mar-18	27-Apr-18	18-May-18	25-May-18
1. Treasury Bills (Excluding Repos)	684.72	711.31	754.54	772.70	782.94	818.11	821.14
<b>(As % of total securities)</b>	<b>31.91</b>	<b>32.93</b>	<b>33.80</b>	<b>33.59</b>	<b>33.95</b>	<b>34.55</b>	<b>35.08</b>
2. Treasury Bonds	1,461.25	1,448.96	1,477.96	1,527.84	1,523.18	1,550.05	1,519.84
<b>(As % of total securities)</b>	<b>68.09</b>	<b>67.07</b>	<b>66.20</b>	<b>66.41</b>	<b>66.05</b>	<b>65.45</b>	<b>64.92</b>
3. Total Securities (1+2)	2,145.97	2,160.26	2,232.50	2,300.54	2,306.11	2,368.17	2,340.97
4. Overdraft at Central Bank	42.32	46.54	42.09	39.65	44.03	15.13	39.02
5. Other Domestic debt*	32.58	32.07	31.45	31.46	31.50	31.47	31.48
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,220.87</b>	<b>2,238.88</b>	<b>2,306.05</b>	<b>2,371.65</b>	<b>2,381.63</b>	<b>2,414.78</b>	<b>2,411.47</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 7: Composition of Government Domestic Debt by Instrument (Percent)**

	29-Dec-17	26-Jan-18	23-Feb-18	29-Mar-18	27-Apr-18	18-May-18	25-May-18
Treasury bills (Excluding Repos)	30.8	31.8	32.7	32.6	32.9	33.9	34.1
Treasury bonds	65.8	64.7	64.1	64.4	64.0	64.2	63.0
CBK Overdraft to Govt	1.9	2.1	1.8	1.7	1.8	0.6	1.6
Other domestic debt	1.5	1.4	1.4	1.3	1.3	1.3	1.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	29-Dec-17	26-Jan-18	23-Feb-18	29-Mar-18	27-Apr-18	18-May-18	25-May-18
Banking Institutions	54.6	54.9	55.3	55.3	55.0	54.6	55.2
Insurance Companies	6.4	6.4	6.3	6.4	6.3	6.4	6.4
Parastatals	6.9	6.9	6.7	6.8	7.0	6.9	6.9
Pension funds	27.5	27.5	27.2	27.1	27.3	27.5	27.1
Other investors	4.5	4.5	4.5	4.5	4.5	4.5	4.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

**Table 9: Indicators of Total Government Debt**

	Mar-17	Jun-17	Sep-17	Dec-17	Jan-18	Feb-18	Mar-18
Domestic debt (KSh Billion)	1,944.95	2,111.71	2,172.84	2,220.35	2,247.32	2,338.21	2,371.65
Public & Publicly Guaranteed External debt (US \$ Billion)	20.4	22.1	22.4	22.8	23.2	25.2	24.9
Public & Publicly Guaranteed External debt (KSh Billion)	2,101.39	2,294.40	2,310.20	2,349.28	2,377.52	2,563.07	2,512.43
<b>Total public debt (KSh Billion)</b>	<b>4,046.35</b>	<b>4,406.11</b>	<b>4,483.03</b>	<b>4,569.63</b>	<b>4,624.84</b>	<b>4,901.29</b>	<b>4,884.08</b>

Source: National Treasury and Central Bank of Kenya

**Table 10: Official Foreign Reserves US\$ Million (Usable)**

	26-Apr-18	03-May-18	10-May-18	17-May-18	24-May-18	31-May-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,509	9,142	9,129	9,135	9,055	8,955
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	6.36	6.17	6.10	6.17	6.11	6.05

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya