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Highlights

The money market remained relatively liquid during the week ending June 14, 2017, supported by repo maturities. The weighted average interbank rate declined to 2.84 percent in the week ending June 14, 2017 from 3.89 percent recorded in the previous week.

The capital markets recorded improved performance during the week ending June 15, 2017.

Monetary Policy Operations

The money market remained relatively liquid during the week ending June 14, 2017, supported by repo maturities.. Interbank market transactions

during the week resulted in a net liquidity injection of KSh 6.2 billion (**Table 1**).

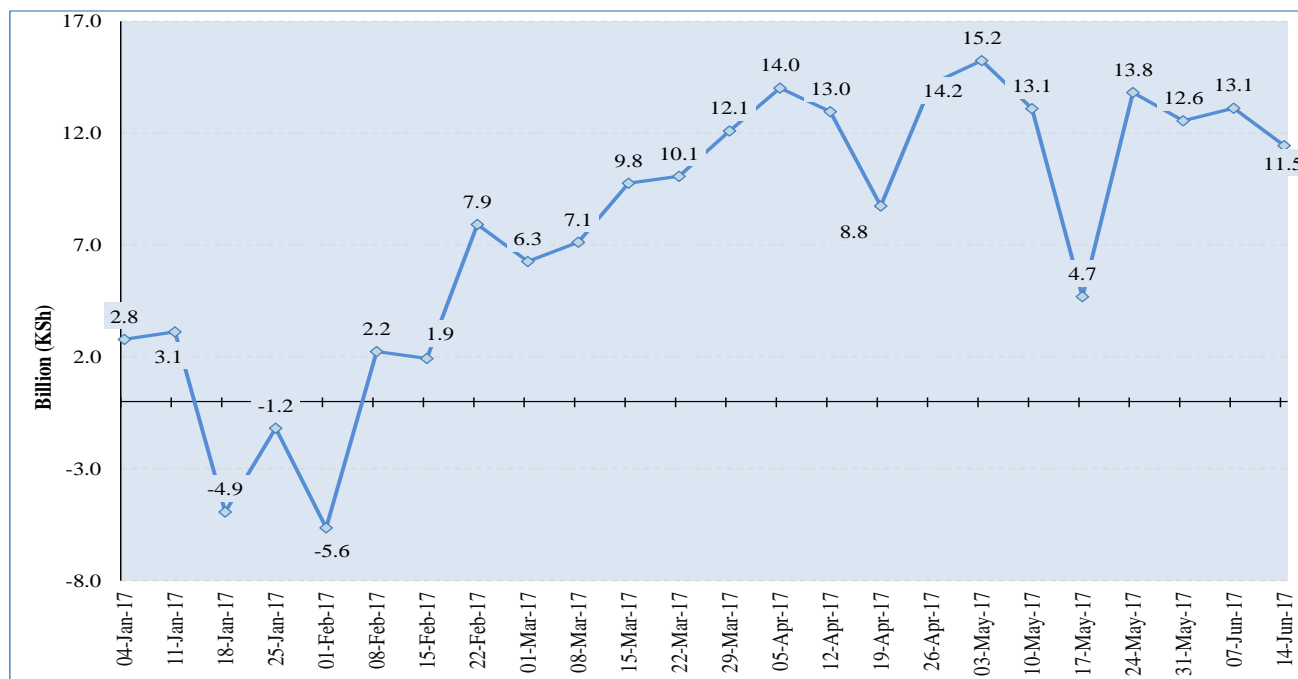
TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)

	8-Jun-17	9-Jun-17	12-Jun-17	13-Jun-17	14-Jun-17	Total
Liquidity Flows						
Total liquidity injection ¹	8.7	15.8	33.9	18.9	5.4	82.6
Repos Maturities	0.0	6.0	0.0	13.0	0.0	19.0
Reverse Repo Purchases	0.3	0.0	0.0	0.0	1.7	2.1
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	23.6	0.0	0.0	23.6
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	1.9	0.0	0.0	1.9
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	8.4	9.8	8.4	5.9	3.6	36.1
Total liquidity reduction ¹	5.2	5.5	49.8	9.1	6.9	76.4
T/bills (Primary issues)	0.0	0.0	43.0	0.0	0.0	43.0
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.3	0.0	0.0	0.0	1.7	2.1
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	4.9	5.4	6.8	9.1	5.1	31.3
Net liquidity injection (+)/Withdrawal (-)	3.52	10.32	-15.93	9.80	-1.52	6.2
Open Market Operations Outcome						
Posted Amount						0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	404.8	413.8	398.3	408.5	406.0	

¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

CHART A: COMMERCIAL BANKS EXCESS RESERVES



Source: Central Bank of Kenya

Commercial banks’ excess reserves above 5.25 percent averaging requirement decreased to KSh 11.5 billion, from the previous week’s KSh 13.1 billion (Chart A). The excess reserves have consistently remained above the 5.25 percent requirement since February 2017.

Activity in the Interbank Market

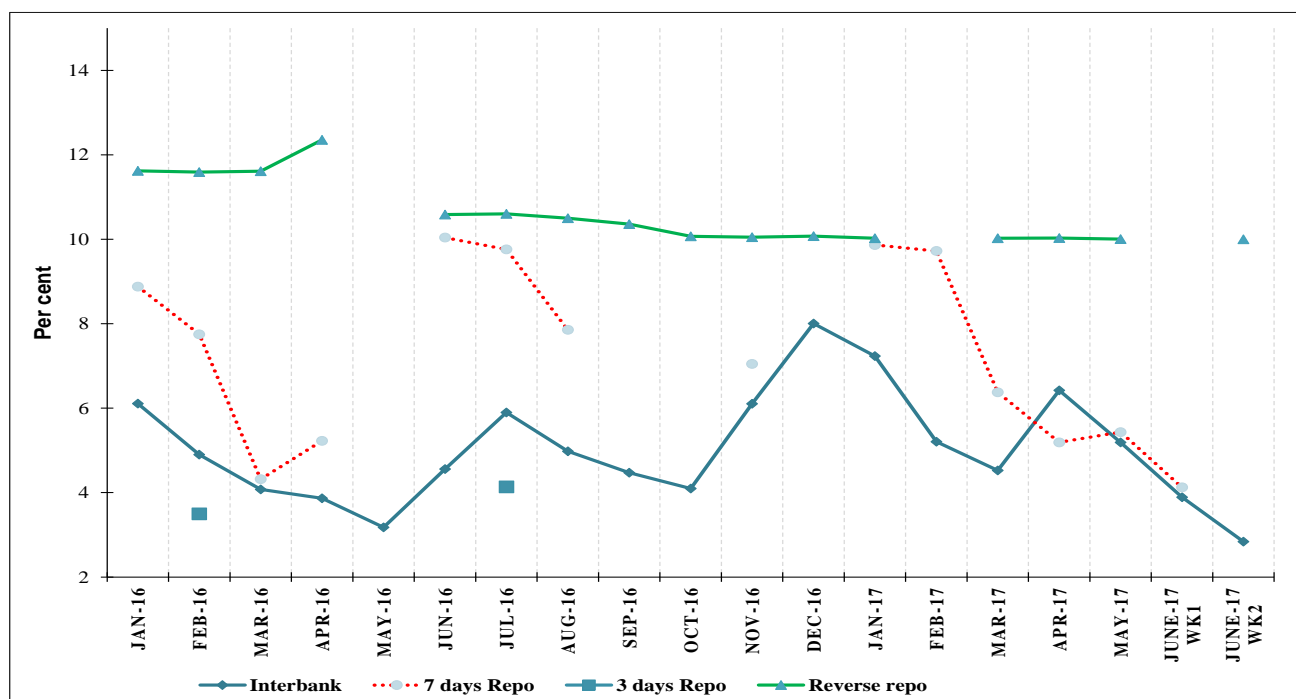
The weighted average interbank rate declined to 2.8 percent in the week ending June 14, 2017 from 3.9 percent recorded in the previous week. The volumes transacted ranged from KSh 9.25 billion to KSh 13.38 billion during the week, giving an average of KSh 11.58 billion compared to an average of KSh 9.20 billion in the previous week. The number of deals ranged from 11-20 during the week, and the average was lower at 17 deals compared to 20 deals the previous week (Table 2 and Chart B).

TABLE 2: OPEN MARKET OPERATIONS

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
2-Jun-17	14	8,650	3.87	
5-Jun-17	19	10,450	4.13	
6-Jun-17	25	8,855	4.05	
7-Jun-17	21	8,850	3.51	
June 2, 2017 - June 7, 2017	20	9,201	3.89	
8-Jun-17	16	9,250	3.24	-
9-Jun-17	20	11,000	2.90	-
12-Jun-17	20	16,720	2.96	-
13-Jun-17	18	13,380	2.65	-
14-Jun-17	11	7,530	2.45	10.00
June 8, 2017 - June 14, 2017	17	11,576	2.84	10.00

Source: Central Bank of Kenya

CHART B: STRUCTURE OF INTEREST RATES



Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling portrayed mixed performance against major international as well as EAC currencies during the week ending June 15, 2017. The shilling strengthened against the Sterling Pound and the Euro but stabilized

against the US Dollar and the Japanese Yen. In the EAC region the shilling was relatively stable against the region’s currencies.

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
2-Jun-17	103.35	133.01	115.96	92.55	34.76	21.64	7.97	16.64
5-Jun-17	103.33	132.96	116.43	93.53	34.84	21.64	7.97	16.65
6-Jun-17	103.36	133.54	116.25	93.60	34.83	21.64	7.97	16.65
7-Jun-17	103.35	133.31	116.43	94.52	34.76	21.65	7.97	16.65
8-Jun-17	103.32	133.73	116.23	94.13	34.81	21.65	8.18	16.71
2-8 June 2017	103.34	133.31	116.26	93.66	34.80	21.64	8.01	16.66
9-Jun-17	103.32	133.51	115.94	94.13	34.75	21.66	7.99	16.70
12-Jun-17	103.32	131.56	115.57	93.33	34.75	21.66	7.98	16.67
13-Jun-17	103.34	130.90	115.86	93.91	34.74	21.66	8.17	16.71
14-Jun-17	103.37	131.79	115.91	93.93	34.73	21.65	7.97	16.67
15-Jun-17	103.40	131.84	115.95	94.34	34.72	21.64	8.17	16.70
9-15 June 2017	103.35	131.92	115.85	93.93	34.74	21.65	8.06	16.69

Units of currency per Kenya Shilling

Source: Central Bank of Kenya

The Capital Market

The capital markets recorded improved performance during the week ending June 15, 2017.

Equity Market

Share prices increased during the week with the NASI, NSE 25 and NSE 20 price indices rising by 2.4 percent, 2.0 percent and 1.4 percent, respectively. Shareholder wealth, measured by

market capitalization, increased by 2.5 percent on account of improved share prices in some counters. Equity turnover increased by 42.9 percent during the week to June 15, 2017 largely reflecting an increase of 39.5 percent increase volume of shares traded (**Table 4**).

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	04-May-17	11-May-17	18-May-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17	Weekly Change (%)
NASI 100= 2008	134.58	137.64	138.85	145.55	148.40	149.30	152.94	2.44
NSE 25 Share Index	3,551.26	3,620.80	3,685.50	3,883.64	3,926.32	3,970.00	4,050.99	2.04
NSE 20 Share Index 100= 1996	3,144.38	3,195.70	3,244.69	3,410.89	3,441.05	3,475.00	3,522.79	1.38
Number of Deals	4,230	6,068	6,650	6,150	5,509	7,047.00	6,656.00	-5.55
Total Shares Traded (Million)	82.50	133.51	193.34	194.23	105.20	142.80	199.26	39.54
Equity Turnover (KSh Million)	2,341.64	3,051.53	4,303.93	4,507.16	2,757.59	3,104.07	4,435.70	42.90
Market Capitalization (KSh Billion)	1,954.12	1,999.00	2,016.35	2,113.87	2,155.36	2,168.19	2,221.37	2.45
I-REIT Turnover in (KSh Million)	0.33	0.66	0.24	0.08	0.27	0.94	1.08	15.01
I-REIT in Units - Total Deals	21.00	28.00	14.00	10.00	34.00	53.00	31.00	-41.51
Bonds Turnover (KSh Million)	8,706.15	13,791.38	6,687.15	16,421.90	11,633.99	9,722.09	12,248.72	25.99
FTSE NSE Kenya 15 Index	165.27	169.10	173.37	180.97	182.06	187.70	190.40	1.44
FTSE NSE Kenya 25 Index	170.11	174.07	177.71	185.31	186.10	192.70	196.33	1.88
FTSE NSE Bond Index	89.96	89.98	90.04	91.37	91.48	91.60	91.58	-0.02
ETF Turnover(KSh Million)	0.12	-	-	-	-	-	-	-
ETF -Total Deals	1.00	-	-	-	-	-	-	-

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series, REITS and Most Active Sectors

Performance of the FTSE¹ NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of the 15 largest companies by market capitalization and the 25 most liquid stocks at the Nairobi Securities Exchange (NSE), showed gains in the period under review, increasing by 1.4 and 1.9 percent, respectively. The Telecommunication & Technology, Banking, and Energy & Petroleum sectors dominated trading, accounting for 60.1

percent, 14.8 percent and 11.1 percent, respectively, for a combined total of 86.0 percent of the total shares traded during the period under review.

Turnover in the real estate market segment, Income-Real Estate Investment Trust (I-REIT²), increased by 15.0 percent, despite a decline of 41.5 percent in the number of deals, reflecting investors opting to hold their shares amid rising prices.

¹ FTSE refers to Financial Times Stock Exchange, which is an average of share prices in the 100 largest, most actively traded companies on the London Stock Exchange. The two NSE indices are indexed on FTSE

² I-REIT is a collective investment vehicle that allows investors to pool capital, which is then invested in a portfolio of selected properties for a return. Investors gain through capital appreciation and rental income, with the latter being distributed to unit-holders annually.

opening of the FXD 2/2007/15 bond. The FTSE Bond Index marginally decreased by 0.02 percent, reflecting marginal increase in secondary market yields.

Bond Market

Bond turnover increased by 26.0 percent in the week ending June 15, 2017 with the number of bond deals gaining by 97 deals, from 120 to 217 deals over the period under review. These gains are attributed to investors taking advantage of the re-

TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES

91-Day Treasury Bills							
Date of Auction	30-Mar-17	27-Apr-17	18-May-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17
Amount offered (Ksh M)	10,000.0	10,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	11,223.1	12,373.5	8,847.4	5,171.6	8,368.2	15,260.6	12,455.8
Amount Accepted (Ksh M)	7,084.8	11,239.8	2,234.0	2,645.1	3,125.6	13,743.0	10,067.2
Maturities (Ksh M)	1,393.8	5,657.4	1,813.1	5,910.5	8,778.8	8,592.7	5,392.8
Average interest Rate (%) - 91 Days	8.8	8.8	8.7	8.6	8.5	8.5	8.4
182-Day Treasury Bills							
Date of Auction	29-Mar-17	26-Apr-17	17-May-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17
Amount offered (Ksh M)			10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)			16,815.9	15,070.4	15,495.7	25,551.2	15,862.4
Amount Accepted (Ksh M)			15,452.4	13,608.2	13,919.6	21,335.9	15,691.1
Maturities (Ksh M)			7,220.5	7,053.2	7,400.1	7,032.0	4,439.5
Average interest Rate (%) - 182 days			10.4	10.4	10.4	10.3	10.3
364-Day Treasury Bills							
Date of Auction	29-Mar-17	26-Apr-17	17-May-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17
Amount offered (Ksh M)	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)	13,275.7	8,245.6	15,748.4	13,821.3	13,928.2	9,407.0	8,937.1
Amount Accepted (Ksh M)	9,287.4	7,987.5	14,815.9	11,869.9	11,566.5	7,892.8	8,891.5
Maturities (Ksh M)	4,883.3	8,932.5	10,201.1	6,562.6	7,459.8	6,731.8	6,106.7
Average interest Rate (%) - 364 days	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Treasury Bonds							
Date of Auction	29-Mar-17	27-Apr-17					
Tenor	FXD 3/2013/5	FXD1/2009/11	FXD 1/2009/15				
Amount offered (Ksh M)	15,000.0	7,000.0					
Bids received (Ksh M)	12,109.4	6,143.05	24,354.9				
Amount Accepted (Ksh M)	7,842.8	4,009.60	11,463.4				
Maturities (Ksh M)	0.0	0					
Average interest Rate (%)	12.404	12.0	13.141				

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	24-Feb-17	31-Mar-17	28-Apr-17	19-May-17	26-May-17	02-Jun-17	09-Jun-17
1. Treasury Bills (Excluding Repos)	607.90	615.77	626.90	653.67	673.30	684.07	695.16
(As % of total securities)	33.21	32.69	32.25	33.13	33.96	34.04	34.41
2. Treasury Bonds	1,222.61	1,268.16	1,317.02	1,319.29	1,309.35	1,325.28	1,325.28
(As % of total securities)	66.79	67.31	67.75	66.87	66.04	65.96	65.59
3. Total Securities (1+2)	1,830.51	1,883.93	1,943.92	1,972.95	1,982.65	2,009.35	2,020.44
4. Overdraft at Central Bank	25.13	30.27	-	-	-	0.03	-
5. Other Domestic debt*	30.97	31.06	30.75	35.95	35.93	35.94	35.96
6. Gross Domestic Debt (3+4+5)	1,886.61	1,945.25	1,974.67	2,008.90	2,018.58	2,045.33	2,056.40

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

Source: Central Bank of Kenya

CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT (IN PERCENT)

	24-Feb-17	31-Mar-17	28-Apr-17	19-May-17	26-May-17	02-Jun-17	09-Jun-17
Treasury bills (Excluding Repos)	32.2	31.7	31.7	32.5	33.4	33.4	33.8
Treasury bonds	64.8	65.2	66.7	65.7	64.9	64.8	64.4
CBK Overdraft to Govt	1.3	1.6	0.0	0.0	0.0	0.0	0.0
Other domestic debt	1.6	1.6	1.6	1.8	1.8	1.8	1.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER (IN PERCENT)

	27-Jan-17	24-Feb-17	31-Mar-17	21-Apr-17	28-Apr-17	19-May-17	26-May-17	02-Jun-17	09-Jun-17
Banking Institutions	51.6	51.0	54.1	54.9	55.1	55.0	56.2	56.2	56.5
Insurance Companies	7.5	7.5	7.1	7.0	7.0	6.9	6.9	6.9	6.8
Parastatals	5.7	5.8	6.5	6.5	6.5	6.5	6.6	6.5	6.5
Pension funds	28.6	29.0	28.2	27.8	27.5	27.8	27.9	28.1	27.7
Other investors	6.7	6.7	4.0	3.9	3.9	3.8	2.4	2.3	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 9: OFFICIAL FOREIGN RESERVES US\$ MILLION (USABLE)

	20-Apr-17	27-Apr-17	04-May-17	11-May-17	18-May-17	25-May-17	31-May-17	08-Jun-17	15-Jun-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,959	8,309	8,304	8,251	8,248	8,236	8,262	8,202	8,217
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.26	5.49	5.49	5.45	5.45	5.44	5.46	5.42	5.43

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya