



APRIL 28, 2017

Highlights

The money market was relatively liquid in the week ending April 26, 2017.

The capital markets recorded mixed performance during the week ending April 27, 2017.

Monetary Policy Operations

The money market was relatively liquid during the week ending April 26, 2017, with net liquidity injections through open market operations matched by net withdrawals largely through tax payment to Government (**Table 1**).

Commercial banks' excess reserves above 5.25 percent averaging requirement increased to KSh 14.2 billion, from the previous week's KSh 8.8 billion (**Chart A**).

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

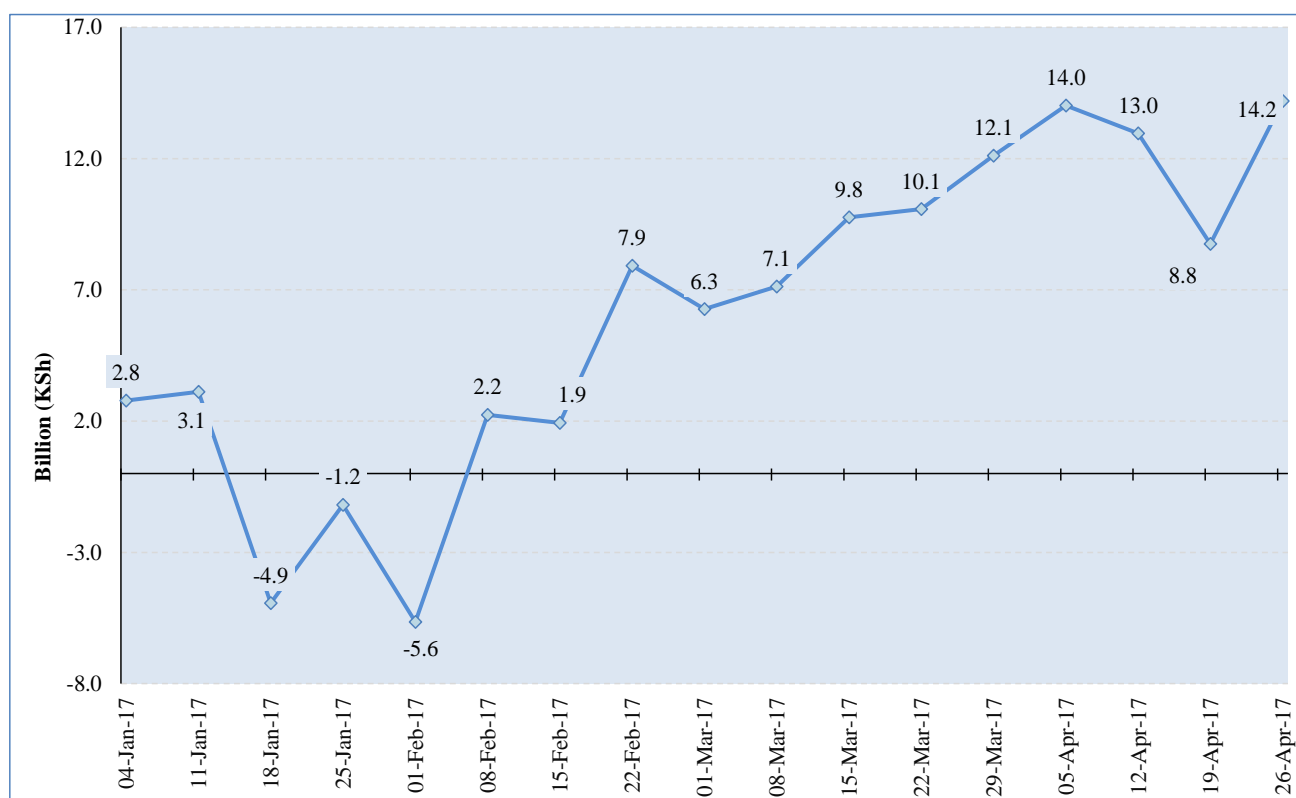
	20-Apr-17	21-Apr-17	24-Apr-17	25-Apr-17	26-Apr-17	Total
Liquidity Flows						
Total liquidity injection \¹	37.2	11.8	44.7	47.0	13.0	153.7
Repos Maturities	0.0	0.0	7.2	0.0	7.2	14.4
Reverse Repo Purchases	0.6	0.0	0.4	13.0	2.7	16.6
Term Auction Deposit maturities	30.0	0.0	0.0	24.6	0.0	54.6
T/bills redemptions	0.0	0.0	21.0	0.0	0.0	21.0
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	11.0	0.0	0.0	11.0
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	6.7	11.8	5.1	9.5	3.2	36.2
Total liquidity reduction \¹	27.4	12.6	84.2	23.2	6.3	153.7
T/bills (Primary issues)	0.0	0.0	26.1	0.0	0.0	26.1
Tbonds Sales	0.0	0.0	32.8	0.0	0.0	32.8
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	7.2	0.0	0.0	0.0	0.0	7.2
Reverse Repos maturities	0.6	0.0	0.0	15.2	2.7	18.5
Term Auction Deposit	11.3	1.0	0.0	0.0	0.0	12.3
Transfer from Banks -Taxes	8.4	11.5	25.3	8.0	3.6	56.8
Net liquidity injection (+)/Withdrawal (-)	9.79	-0.77	-39.53	23.83	6.72	0.0
Open Market Operations Outcome						
Posted Amount	25.0	12.0	-	-	-	37.0
Realised Amount - Mop up	18.5	1.0	0.0	0.0	0.0	19.5
Repo (-)	7.2	-	-	-	-	7.2
Term Auction Deposits (-)	11.3	1.0	-	-	-	12.3
Reserve Money Position						
Reserve money (actual)	423.4	420.9	378.4	398.1	404.6	405.1

\¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

CHART A: COMMERCIAL BANKS EXCESS RESERVES

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Source: Central Bank of Kenya

Activity in the Interbank Market

The volumes transacted in the interbank market increased to 20.9 billion during the week ending April 26, 2017 from KSh 8.8 billion recorded in the previous week. The average interbank rate increased to 6.42 percent from 4.31 percent

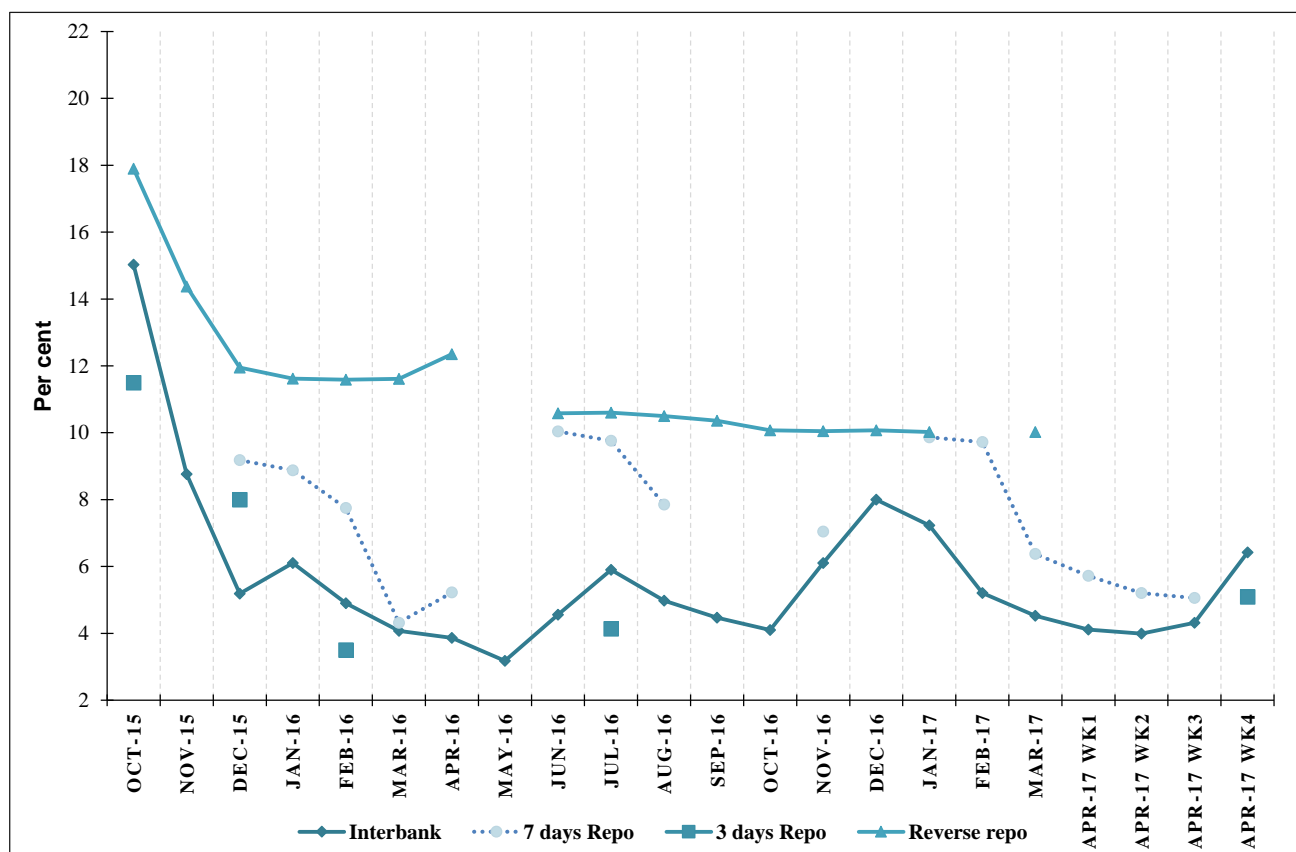
recorded in the previous week reflecting interbank market segmentation. The average number of deals increased to 38 from 22 over the same period (**Chart B**).

TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)	Reverse Repo Rate (%)
13-Apr-17	19	8,270	3.77	5.00	-
18-Apr-17	23	10,250	4.46	-	-
19-Apr-17	23	7,925	4.72	5.12	-
April 13, 2017 - April 19, 2017	22	8,815	4.31	5.06	-
20-Apr-17	27	13,760	4.93	-	-
21-Apr-17	40	16,930	5.66	-	-
24-Apr-17	49	29,200	6.83	-	10.00
25-Apr-17	40	29,645	7.20	-	10.04
26-Apr-17	35	14,850	7.48	-	10.05
April 20, 2017 - April 26, 2017	38	20,877	6.42	-	10.03

Source: Central Bank of Kenya

CHART B: STRUCTURE OF INTEREST RATES



Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate depicted mixed performance against major international and regional currencies during the week ending April 27, 2017. The Shilling strengthened marginally against the US Dollar but weakened against the

Pound Sterling and the Euro. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling, the Tanzania Shilling and the Rwanda Franc but weakened against the Burundi Franc.

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
18-Apr-17	103.36	129.42	109.81	94.54	35.00	21.61	7.95	16.54
19-Apr-17	103.43	131.66	110.52	95.02	34.95	21.60	8.12	16.38
20-Apr-17	103.41	132.62	110.77	94.76	34.93	21.61	7.95	16.54
18 -20 April 2017	103.40	131.23	110.37	94.77	34.96	21.61	8.01	16.49
21-Apr-17	103.38	132.42	111.23	94.54	34.95	21.62	8.12	16.39
24-Apr-17	103.32	132.21	110.69	94.67	34.99	21.65	8.11	16.35
25-Apr-17	103.27	132.16	112.24	93.76	35.01	21.64	8.13	16.40
26-Apr-17	103.27	132.37	112.71	93.28	35.18	21.65	7.96	16.58
27-Apr-17	103.28	132.82	112.60	92.87	35.24	21.64	8.13	16.40
21 -27 April 2017	103.31	132.40	111.89	93.82	35.07	21.64	8.09	16.43

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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The Capital Market

The capital markets recorded mixed performance during the week ending April 27, 2017.

significant drop in share supply, equity turnover declined by 33.3 per cent (**Table 4**).

Equity Market

Share prices declined marginally leading to a marginal decline in market capitalisation. Reflecting

TABLE 4: KEY WEEKLY MARKET STATISTICS

INDICATOR	16-Mar-17	23-Mar-17	30-Mar-17	06-Apr-17	12-Apr-17	20-Apr-17	27-Apr-17	Weekly Change (Percent)
NASI 100= 2008	124.76	129.90	130.43	132.63	134.56	133.78	133.20	-0.43
NSE 25 Share Index	3,278.25	3,427.14	3,481.32	3,524.12	3,534.60	3,536.93	3,534.00	-0.08
NSE 20 Share Index 100= 1996	2,965.31	3,082.85	3,122.51	3,101.19	3,109.78	3,149.33	3,164.00	0.47
Number of Deals	5,583	5,049	5,074	4,937	4,257	4,136	4,696	13.54
Total Shares Traded (Million)	212.74	132.79	116.38	116.21	66.03	230.34	97.38	-57.72
Equity Turnover (KSh Million)	4,227.18	2,354.20	2,339.75	2,442.60	1,867.41	4,149.43	2,768.86	-33.27
Market Capitalization (KSh Billion)	1,808.54	1,883.31	1,893.11	1,925.17	1,953.85	1,942.49	1,934.61	-0.41
I-REIT Turnover in (KSh Million)	1.76	1.70	3.43	0.79	0.30	0.05	0.43	699.26
I-REIT in Units - Total Deals	33.00	29.00	19.00	30.00	17.00	4.00	12.00	200.00
Bonds Turnover (KSh Million)	13,597.39	7,284.40	15,127.23	8,183.45	4,405.05	3,977.40	10,647.71	167.71
FTSE NSE Kenya 15 Index	151.34	157.72	161.43	164.38	162.89	164.59	164.10	-0.30
FTSE NSE Kenya 25 Index	154.78	160.52	164.02	167.43	167.21	168.76	168.20	-0.33
FTSE NSE Bond Index	89.68	89.66	89.73	89.71	89.84	89.84	89.90	0.07

Source: Nairobi Securities Exchange

FTSE NSE Kenya Index Series, REITS and Most Active Sectors

Performance of FTSE¹ NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of 15 largest companies by market capitalization and 25 most liquid stocks at the Nairobi Securities Exchange (NSE) declined in the period under review, falling by 0.3 and 0.33 percent respectively over the week ending April 27, 2017.

The Telecommunication and Technology and Banking sectors dominated trading, accounting for 43.6 percent and 37.5 percent, respectively, 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 699.26 percent, with number of deals increasing by 200 percent over the week ending April 27,

2017, signalling renewed investor appetite for asset-backed securities.

Bond Market

Bond turnover increased by 167.71 percent, largely due to continued secondary trading of the M-Akiba mobile Government bond. The number of bond deals increased from 114 to 204 in the week ending April 27, 2017. The FTSE Bond Index increased marginally by seven basis points.

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.

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TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES

91-Day Treasury Bills									
Date of Auction	02-Mar-17	09-Mar-17	16-Mar-17	23-Mar-17	30-Mar-17	06-Apr-17	13-Apr-17	20-Apr-17	27-Apr-17
Amount offered (Ksh M)	4,000.0	10,000.0	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)	5,897.0	9,695.7	7,501.9	8,806.8	11,223.1	12,485.5	12,748.7	13,672.7	12,373.5
Amount Accepted (Ksh M)	5,848.0	8,606.6	5,300.1	2,158.4	7,084.8	11,330.0	8,737.5	6,672.9	11,239.8
Maturities (Ksh M)	5,721.5	2,207.3	2,617.1	3,750.1	1,393.8	3,525.0	3,555.0	4,897.8	5,657.4
Average interest Rate (%) - 91 Days	8.6	8.7	8.7	8.7	8.8	8.8	8.8	8.8	8.8
182-Day Treasury Bills									
Date of Auction	01-Mar-17	08-Mar-17	15-Mar-17	22-Mar-17	29-Mar-17	05-Apr-17	12-Apr-17	19-Apr-17	26-Apr-17
Amount offered (Ksh M)	6,000.0								
Bids received (Ksh M)	24,178.7								
Amount Accepted (Ksh M)	21,332.7								
Maturities (Ksh M)	6,885.4								
Average interest Rate (%) - 182 days	10.5								
364-Day Treasury Bills									
Date of Auction	01-Mar-17	08-Mar-17	15-Mar-17	22-Mar-17	29-Mar-17	05-Apr-17	12-Apr-17	19-Apr-17	26-Apr-17
Amount offered (Ksh M)	6,000.0	10,000.0	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)	3,443.9	16,640.6	19,503.5	20,305.3	13,275.7	17,394.3	10,708.9	19,661.4	8,245.6
Amount Accepted (Ksh M)	2,812.5	16,117.9	16,551.7	15,444.6	9,287.4	12,302.6	10,259.1	19,431.6	7,987.5
Maturities (Ksh M)	10,033.1	14,071.7	13,015.7	13,918.9	4,883.3	7,322.2	8,687.7	7,586.6	8,932.5
Average interest Rate (%) - 364 days	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Treasury Bonds									
Date of Auction	22-Mar-17		29-Mar-17			19-Apr-17		4/27/2017 (TAP SALE)	
Tenor	FXD 3/2013/5		FXD 2/2014/5	FXD 3/2013/5		FXD3/2008/10	FXD1/2009/10	FXD3/2008/11	FXD1/2009/11
Amount offered (Ksh M)	30,000.0		15,000.0			30,000.0		7,000.0	
Bids received (Ksh M)	64,248.4		14,463.7	12,109.4		21,755.92	27,631.07	3,365.10	6,143.05
Amount Accepted (Ksh M)	24,864.0		7,582.7	7,842.8		14,617.39	18,146.85	3,272.10	4,009.60
Maturities (Ksh M)	0.0		0.0			0		0	
Average interest Rate (%)	11.817		11.817	12.404		11.3	12.0	11.3	12.0

Source: Central Bank of Kenya

TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)

	27-Jan-17	24-Feb-17	24-Mar-17	31-Mar-17	07-Apr-17	13-Apr-17	19-Apr-17
1. Treasury Bills (Excluding Repos)	598.48	607.90	619.59	615.77	621.39	625.06	619.53
(As % of total securities)	32.36	33.21	33.37	32.69	32.62	32.75	32.55
2. Treasury Bonds	1,250.70	1,222.61	1,236.94	1,268.16	1,283.61	1,283.76	1,283.76
(As % of total securities)	67.64	66.79	66.63	67.31	67.38	67.25	67.45
3. Total Securities (1+2)	1,849.17	1,830.51	1,856.52	1,883.93	1,905.01	1,908.83	1,903.29
4. Overdraft at Central Bank	13.58	25.13	21.20	30.27	22.57	21.20	25.87
5. Other Domestic debt*	32.10	30.97	31.05	31.06	31.04	30.74	30.75
6. Gross Domestic Debt (3+4+5)	1,894.85	1,886.61	1,908.77	1,945.25	1,958.62	1,960.77	1,959.90

* 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

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

	27-Jan-17	24-Feb-17	24-Mar-17	31-Mar-17	07-Apr-17	13-Apr-17	19-Apr-17
Treasury bills (Excluding Repos)	31.6	32.2	32.5	31.7	31.7	31.9	31.6
Treasury bonds	66.0	64.8	64.8	65.2	65.5	65.5	65.5
CBK Overdraft to Govt	0.7	1.3	1.1	1.6	1.2	1.1	1.3
Other domestic debt	1.7	1.6	1.6	1.6	1.6	1.6	1.6
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	24-Mar-17	31-Mar-17	07-Apr-17	13-Apr-17	19-Apr-17
Banking Institutions	51.6	51.0	51.2	54.1	54.4	54.7	54.9
Insurance Companies	7.5	7.5	7.5	7.1	7.1	7.1	7.0
Parastatals	5.7	5.8	6.1	6.5	6.5	6.5	6.5
Pension funds	28.6	29.0	28.8	28.2	28.0	27.8	27.8
Other investors	6.7	6.7	6.4	4.0	4.0	3.9	3.9
Total	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)

	09-Mar-17	16-Mar-17	23-Mar-17	30-Mar-17	06-Apr-17	13-Apr-17	20-Apr-17	27-Apr-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,027	6,973	7,777	7,731	8,015	7,957	7,959	8,309
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.64	4.61	5.14	5.11	5.30	5.26	5.26	5.49

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya