



Central Bank of Kenya

Weekly Bulletin

November 29, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on November 25 and lowered the Central Bank Rate to 8.50 percent from 9.00 percent. The MPC noted that inflation expectations remained well anchored within the target range, the economy was operating below its potential level, and that the ongoing tightening of fiscal policy provided room for accommodative monetary policy to support economic activity.

Inflation

Overall inflation increased to 5.6 percent in November from 4.9 percent in October, largely due to increased food prices (Chart 1).

Exchange Rate

The Kenya Shilling weakened marginally against major international and regional currencies during the week ending November 28 following increased corporate demand for foreign currency. It exchanged at KSh 102.54 per US Dollar on November 28, compared to KSh 101.48 on November 21 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,748 million (5.43 months of import cover) as at November 28. This meets the CBK's 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 Market

The money market remained relatively liquid during the week ending November 28, partly supported by government payments. Commercial banks' excess reserves stood at KSh 11.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate increased to 5.05 percent on November 28 from 3.95 percent on November 21. The average number of interbank deals per day increased to 29 from 20 the previous week, while the value traded also increased to KSh 24.4 billion from KSh 16.9 billion (Table 3).

Government Securities Market

The Treasury bills auctions of November 28 received bids totaling KSh 8.4 billion against an advertised amount of KSh

24.0 billion, representing a performance of 34.8 percent. Interest rates on the 91-day Treasury bill rose marginally, while those of the 182-day and 364-day Treasury bills declined (Table 4).

The tap sale of the 10-year Treasury bond of November 27 received bids totalling KSh 8.1 billion against an advertised amount of KSh 21.7 billion, recording a performance of 37.5 percent (Table 5).

Equity Market

Trading at the Nairobi Securities Exchange improved during the week ending November 28, with the NSE 25 Share price index, NASI, and market capitalization increasing by 1.0 percent each. Similarly, total shares traded and total equity turnover increased by 2.3 and 40.2 percent, respectively. However, the NSE 20-share price index and total deals transacted, declined by 0.4 and 4.9 percent, respectively (Table 6).

Bond Market

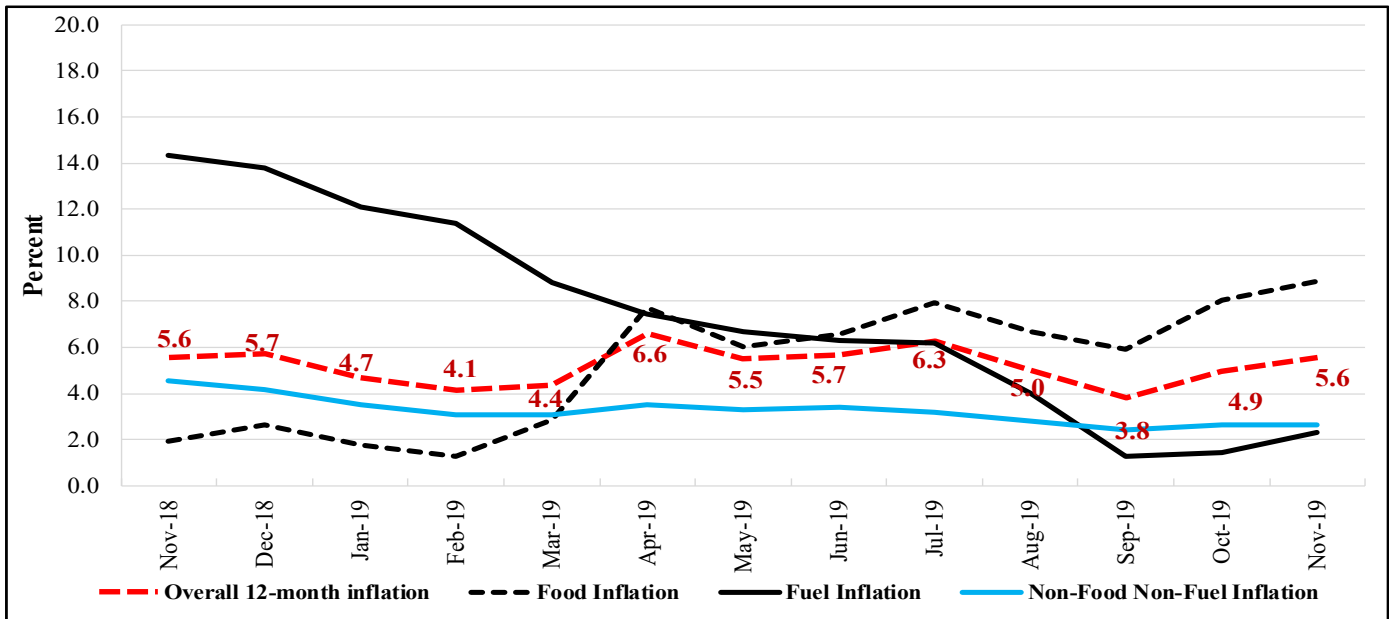
Turnover of bonds traded in the domestic secondary market increased by 53.6 percent during the week ending November 28 (Table 6). In the international market, yields on Kenya's, 7-year, 10-year (2024), 10-year (2028), and 12-year Eurobonds declined by 19.2, 5.6, 4.2, and 4.8 basis points, respectively. However, yield on 30-year Eurobond increased by 2.8 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined towards the end of the week (Chart 2).

Global Trends

Global stocks slipped amid increased concerns on prospects for an amicable interim trade deal between US and China, following President Trump's signing of Hong Kong Human Rights and Democracy bill. Additionally, campaigns for the UK elections scheduled for December 12 continued to generate uncertainties on the likely nature of Brexit deal.

International oil prices traded within a narrow margin during the week on account of balanced supply and demand. The Murban oil price rose to USD 65.73 per barrel on November 28 compared to USD 64.12 per barrel on November 21.

Chart 1: Inflation



Source: KNBS and CBK

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
15-Nov-19	102.08	131.04	112.26	93.96	36.20	22.56	9.13	18.38
18-Nov-19	101.97	131.25	112.46	93.70	36.20	22.61	9.14	18.41
19-Nov-19	101.93	132.08	112.71	93.73	36.18	22.59	9.15	18.42
20-Nov-19	101.80	131.77	112.77	93.80	36.25	22.63	9.16	18.44
21-Nov-19	101.48	130.89	112.21	93.51	36.34	22.70	9.19	18.48
Nov 15-21	101.85	131.40	112.48	93.74	36.23	22.62	9.16	18.43
22-Nov-19	101.36	131.33	112.34	93.40	36.40	22.72	9.20	18.50
25-Nov-19	101.55	130.59	112.27	93.53	36.34	22.65	9.16	18.45
26-Nov-19	102.02	131.38	112.34	93.68	36.30	22.54	9.15	18.38
27-Nov-19	102.43	131.64	112.75	93.84	36.12	22.43	9.11	18.31
28-Nov-19	102.54	132.07	112.86	93.86	36.05	22.42	9.10	18.29
Nov 22-28	101.98	131.41	112.51	93.66	36.24	22.55	9.15	18.39

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	24-Oct-19	31-Oct-19	07-Nov-19	14-Nov-19	21-Nov-19	28-Nov-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,944	8,961	8,931	8,943	8,779	8,748
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.59	5.60	5.58	5.59	5.44	5.43

*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 (%)
15-Nov-19	11	12,800.00	2.87
18-Nov-19	18	16,460.00	2.95
19-Nov-19	20	18,360.00	3.20
20-Nov-19	22	16,710.00	3.57
21-Nov-19	28	20,600.00	3.95
November 15 -21	20	16,986.00	3.31
22-Nov-19	30	26,920.00	4.32
25-Nov-19	31	26,740.00	4.28
26-Nov-19	31	33,470.00	4.42
27-Nov-19	30	26,110.00	4.86
28-Nov-19	22	8,700.00	5.05
November 22 -28	29	24,388.00	4.59

Source :Central Bank of Kenya

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

Date of Auction	31-Oct-19	07-Nov-19	14-Nov-19	21-Nov-19	28-Nov-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,813.64	864.43	1,129.39	3,714.26	936.76
Amount Accepted (Ksh M)	6,813.64	864.43	1,129.39	3,714.26	445.55
Maturities (Ksh M)	8,338.70	3,219.60	2,700.85	5,244.65	5,395.25
Average interest Rate (%)	6.390	6.390	6.680	7.131	7.162

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,612.98	3,245.70	1,519.84	3,847.67	1,055.83
Amount Accepted (Ksh M)	4,133.29	3,245.70	1,519.84	3,367.98	553.85
Maturities (Ksh M)	1,236.45	4,576.60	823.55	4,812.95	2,540.45
Average interest Rate (%)	7.189	7.261	7.774	8.215	8.204

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	16,004.60	27,701.94	11,196.46	5,923.13	6,361.04
Amount Accepted (Ksh M)	12,781.75	22,439.77	11,189.20	4,841.60	3,990.96
Maturities (Ksh M)	15,795.65	15,756.85	12,957.30	6,803.45	2,853.15
Average interest Rate (%)	9.780	9.787	9.784	9.804	9.800

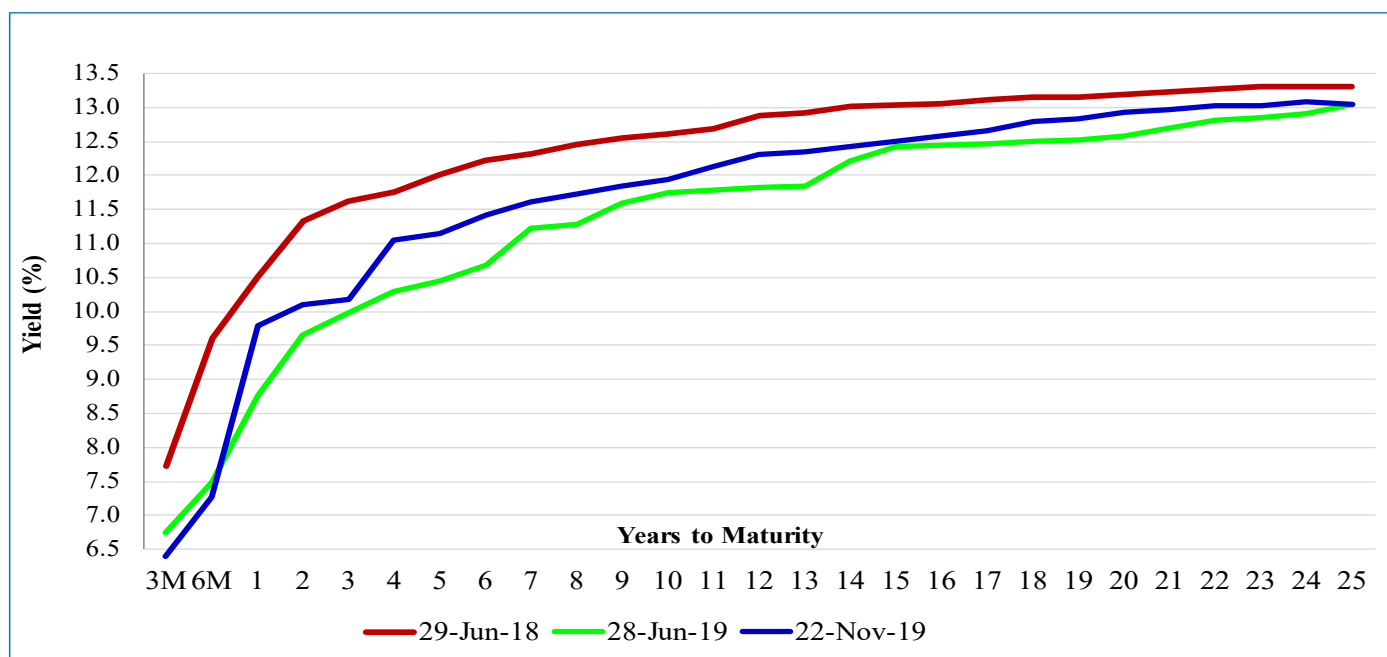
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	25-Sep-19		23-Oct-19	20-Nov-19	27-Nov-19
	TAP				TAP
Tenor	FXD 1/2018/15	FXD 2/2019/15	IFB1/2019/16	FXD 4/2019/10	FXD4/2019/10
Amount offered (Ksh M)	30,000.00		60,000.00	50,000.00	21,650.00
Bids received (Ksh M)	9,320.40		86,946.69	38,372.61	8,115.45
Amount Accepted (Ksh M)	3,453.83	5,906.13	68,466.07	28,351.81	8,112.45
Maturities (Ksh M)	3,453.83	5,906.13	0.00	0.00	0.00
Average interest Rate (%)	12.56	12.67	12.39	12.28	12.28

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

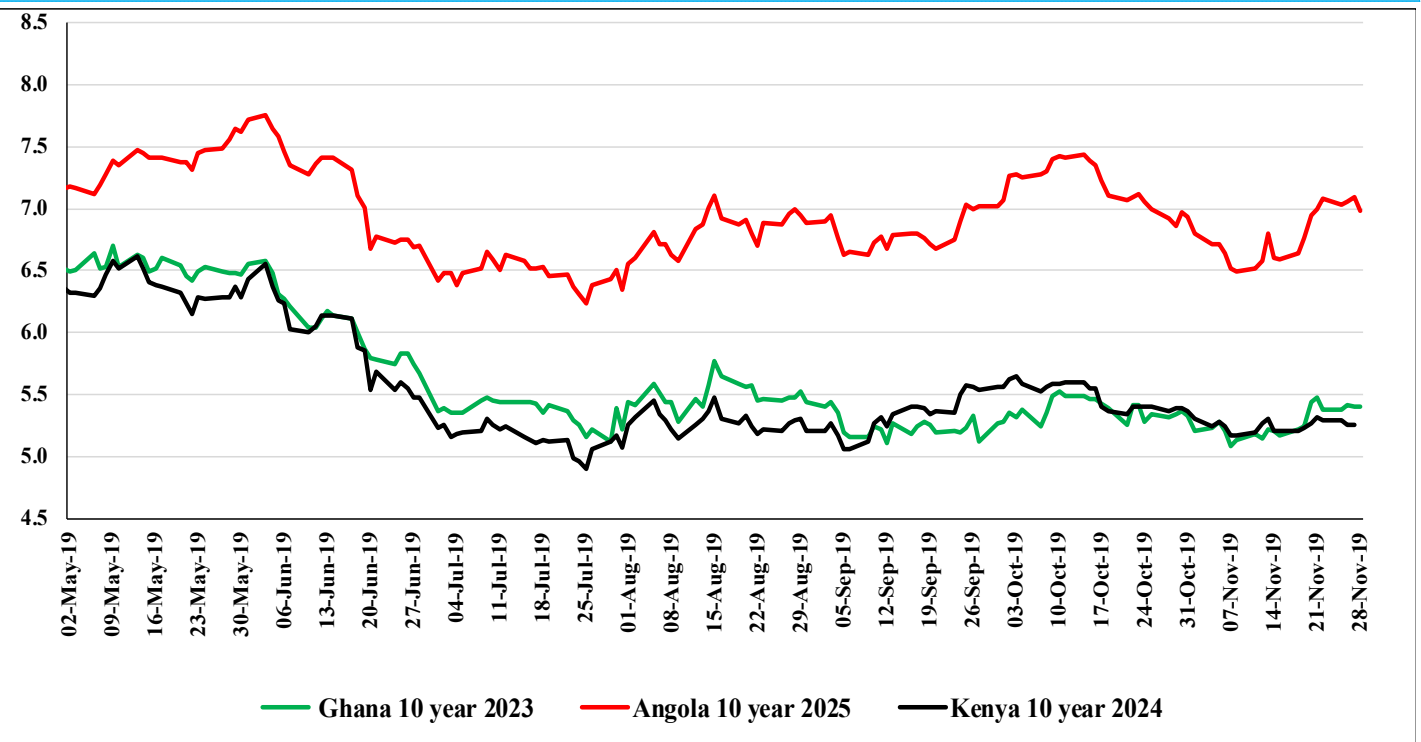
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
15-Nov-19	155.98	3852.06	2652.95	1,028	14.62	337.05	2,380.50	3,309.94	6.058	5.203	6.363	7.114	7.812
18-Nov-19	155.48	3849.02	2653.85	937	8.87	279.52	2,372.90	1,980.29	6.040	5.203	6.306	7.098	7.823
19-Nov-19	155.37	3845.57	2638.89	1,064	6.87	193.31	2,371.14	965.66	6.118	5.235	6.436	7.191	7.903
20-Nov-19	155.30	3846.20	2616.16	909	21.07	612.67	2,370.04	320.54	6.188	5.268	6.498	7.253	7.964
21-Nov-19	155.00	3842.50	2623.97	782	17.23	696.30	2,365.44	1,741.67	6.232	5.313	6.594	7.331	8.028
Nov 15-21	155.00	3842.50	2623.97	4,720.00	68.67	2,118.85	2,365.44	8,318.10	6.232	5.313	6.594	7.331	8.028
22-Nov-19	154.84	3842.81	2618.75	874	23.21	744.10	2,363.10	2,259.64	6.147	5.312	6.594	7.363	8.034
25-Nov-19	155.85	3849.07	2326.46	862	8.30	277.85	2,378.51	1,004.38	6.146	5.301	6.611	7.363	8.045
26-Nov-19	155.47	3837.14	2623.34	892	13.17	951.54	2,372.63	2,489.43	6.146	5.284	6.611	7.347	8.056
27-Nov-19	155.89	3849.34	2611.62	875	11.08	475.63	2,379.08	3,811.00	6.040	5.252	6.552	7.283	8.049
28-Nov-19	156.57	3880.13	2614.81	987	14.47	520.50	2,389.47	3,207.89	6.040	5.253	6.552	7.283	8.056
Nov 22-28	156.57	3880.13	2614.81	4,490.00	70.23	2,969.62	2,389.47	12,772.34	6.040	5.253	6.552	7.283	8.056
Weekly Changes (%)	1.01	0.98	-0.35	-4.87	2.27	40.15	1.02	53.55	-0.192*	-0.056*	-0.042*	-0.048*	0.028*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	15-Nov-19	22-Nov-19
1. Treasury Bills (Excluding Repos)	954.25	947.89	933.10	910.38	901.90	900.40
(As % of total securities)	35.31	33.97	33.78	33.12	32.08	32.04
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,838.11	1,909.78	1,909.78
(As % of total securities)	64.69	66.03	66.22	66.88	67.92	67.96
3. Total Securities (1+2)	2,702.40	2,790.26	2,761.88	2,748.50	2,811.68	2,810.18
4. Overdraft at Central Bank	57.33	59.55	52.58	50.55	64.24	66.91
5. Other Domestic debt*	25.76	25.69	25.68	25.73	25.04	25.04
6. Gross Domestic Debt (3+4+5)	2,785.48	2,875.50	2,840.13	2,824.78	2,900.96	2,902.13

* 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: Government Domestic Debt by Instrument (Percent)

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	15-Nov-19	22-Nov-19
Treasury bills (Excluding Repos)	34.26	32.96	32.80	32.17	31.04	30.98
Treasury bonds	62.78	64.08	64.46	65.13	65.88	65.86
CBK Overdraft to Government	2.06	2.07	1.85	1.79	2.21	2.30
Other domestic debt	0.91	0.89	0.90	0.91	0.86	0.86
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	15-Nov-19	22-Nov-19
Banking Institutions	54.38	54.38	53.31	53.15	54.27	54.39
Insurance Companies	6.13	6.20	6.42	6.54	6.43	6.43
Parastatals	6.98	6.98	7.33	7.06	6.98	6.89
Pension funds	28.23	28.25	28.76	29.00	27.91	27.88
Other investors	4.28	4.19	4.19	4.25	4.41	4.41
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-18	Mar-19	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,699.09	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	27.01	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,721.60	3,023.14	3,160.06	3,133.54	3,111.80
Total public debt (KSh Billion)	5,039.03	5,420.68	5,809.08	6,004.18	6,009.54	5,968.40

Source: National Treasury and Central Bank of Kenya