



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

February 3, 2018

Inflation

Overall inflation increased marginally in January 2018, largely driven by increases in energy prices. It increased to 4.8 percent from 4.5 percent in December 2017 but remained below the 5.0 percent medium term target set by Government. Food inflation was stable at 4.9 percent in January 2018 despite increase in prices of some key food items. Prices of the following food items were higher in January 2018 compared to December 2017: sukuma wiki (11.3 percent), cabbages (10.2 percent), Irish potatoes (3.1 percent), tomatoes (1.5 percent) and fresh milk (0.8 percent). The increase was largely on account of reduced supply under prevailing dry and sunny conditions. However, the price of mangoes declined by 18.2 percent in January 2018 compared to December 2017, on account of abundant supply following onset of the harvesting season, while the price of sugar declined by 1.4 percent over the same period.

Fuel inflation increased significantly to 6.1 percent in January 2018 from 5.4 percent in December 2017. The increase was the highest since December 2014 and was on account of upward adjustment of pump prices and electricity charges (fuel, inflation and forex costs) by the Energy Regulatory Commission (ERC). Fuel inflation has continued to rise since July 2017, in line with recovery in international oil prices.

Non-food non-fuel (NFNF) inflation held below 5.0 percent despite the increase in educational expenses in January 2018. NFNF inflation increased to 3.5 percent from 3.1 percent in December 2017, largely driven by education inflation which increased to 5.4 percent in January 2018 from 3.2 percent in December 2017, reflective of the seasonal increases in education-related purchases in January.

The Interbank Market

The volumes traded in the interbank market decreased to an average of KSh 13.56 billion during the week ending January 31, 2018 from KSh 16.51 billion the previous week. The number of deals in the interbank market decreased to an average of 36 from the previous average of 38. The weighted average interbank rate declined to 6.3 percent from 6.83 percent in the previous week (**Table 2**) reflecting improved liquidity.

Kenya Shilling Exchange Rate

The Kenya shilling strengthened against the US Dollar during the week ending February 1, 2018 on account of dollar inflows towards the Tap Sale of the Infrastructure Bond, and subdued demand and weakening of the US Dollar against major international currencies. The shilling, however, weakened against the Sterling Pound, the Euro and the Japanese Yen reflecting relative strengthening of these currencies against the US Dollar. In the EAC region, the Shilling strengthened against all currencies in the region (**Table 2**).

Equity Market

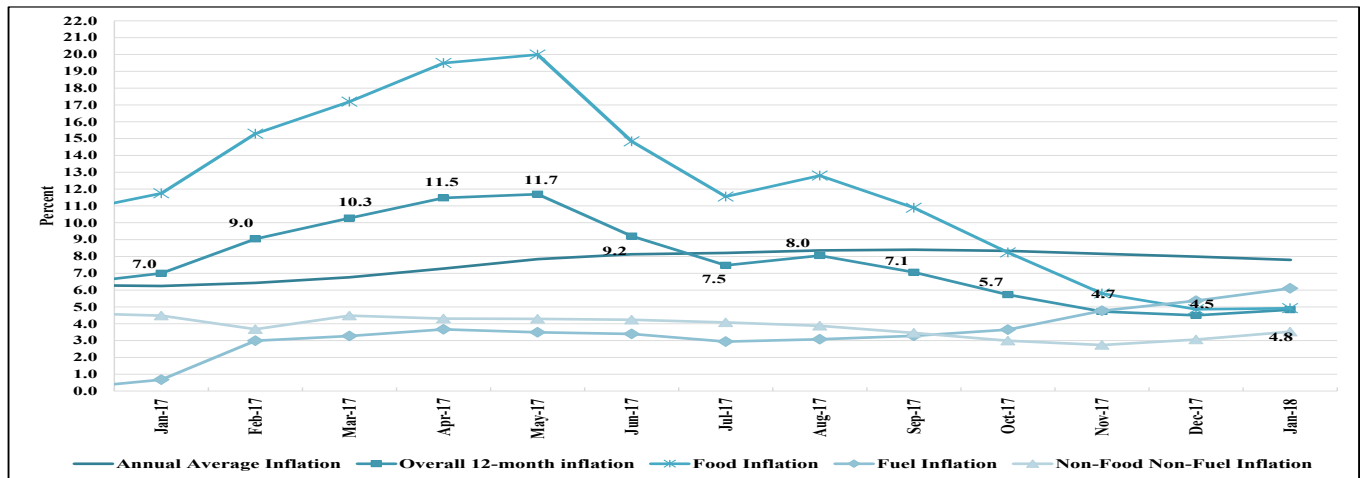
Share prices in the equity market continued to rise, with the NASI, the NSE 25 and the NSE 20 share indices rising by 0.56, 0.96 and 1.14 percent, respectively. The strong equity prices led to an overall improvement in shareholders' wealth by 1.2 percent, as measured by market capitalisation. Trading activity at the bourse, however, declined in the week under review, with the total shares traded down 74.2 percent. This signals growing investor confidence as post-elections uncertainties subside (**Table 3**).

Bond Market and Eurobond Yields

The volume of bonds traded increased significantly in the week ending February 1, 2018. The value of bonds traded increased by 34.9 percent, with equivalent deals growing to 475 deals as compared to 221 in the previous week. The strong investor appetite in the fixed income market further reflects growing investor confidence. This is also supported by strong uptake (over subscription) of a Tap Sale of IFB1/2018/15 in the primary market that received bids valued KSh 36.2 billion, bringing the total amounts raised in this infrastructure bond to KSh 41.2 billion. The yields on Kenya's 5-year and 10-year Eurobond were generally stable, signalling better investor risk perception on the two securities (**Table 3**).

LIST OF TABLES AND CHARTS

Chart 1: Inflation



Source: Central Bank of Kenya

Table 1: Interbank Deals, Volumes & Interest Rate

| Date | Number of Deals | Value (KSh M) | Average Interbank Rate (%) | Reverse Repo Rate (%) |
|-------------------------------------|-----------------|---------------|----------------------------|-----------------------|
| 18-Jan-18 | 33 | 11,395 | 7.03 | 10.01 |
| 19-Jan-18 | 41 | 18,725 | 7.36 | |
| 22-Jan-18 | 40 | 19,565 | 6.75 | |
| 23-Jan-18 | 40 | 19,565 | 6.75 | |
| 24-Jan-18 | 35 | 13,295 | 6.29 | 10.00 |
| Jan 18 , 2018 - Jan 24, 2018 | 38 | 16509 | 6.83 | 10.00 |
| 25-Jan-18 | 31 | 9,330 | 6.34 | - |
| 26-Jan-18 | 38 | 15,305 | 6.38 | |
| 29-Jan-18 | 34 | 13,255 | 6.30 | |
| 30-Jan-18 | 34 | 13,025 | 6.20 | |
| 31-Jan-18 | 43 | 16,878 | 6.09 | - |
| Jan 18 , 2018 - Jan 24, 2018 | 36 | 13559 | 6.26 | |

Source: Central Bank of Kenya

Table 2: Kenya Shilling Exchange Rate

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|--------------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 19-Jan-18 | 102.91 | 142.70 | 125.92 | 92.78 | 35.31 | 21.84 | 8.35 | 17.09 |
| 22-Jan-18 | 102.87 | 142.69 | 126.03 | 93.04 | 35.29 | 21.85 | 8.36 | 17.09 |
| 23-Jan-18 | 102.79 | 142.84 | 125.82 | 92.78 | 35.34 | 21.88 | 8.36 | 17.11 |
| 24-Jan-18 | 102.56 | 143.62 | 125.98 | 92.94 | 35.40 | 21.92 | 8.21 | 17.23 |
| 25-Jan-18 | 102.34 | 145.24 | 126.60 | 93.87 | 35.49 | 22.00 | 8.23 | 17.27 |
| 19-25 Jan 2018 | 102.69 | 143.42 | 126.07 | 93.08 | 35.36 | 21.90 | 8.30 | 17.16 |
| 26-Jan-18 | 102.37 | 146.54 | 128.05 | 94.00 | 35.49 | 21.99 | 8.23 | 17.27 |
| 29-Jan-18 | 102.35 | 145.78 | 127.43 | 93.71 | 35.49 | 21.96 | 8.23 | 17.27 |
| 30-Jan-18 | 102.36 | 144.08 | 126.61 | 94.09 | 35.41 | 21.94 | 8.43 | 17.18 |
| 31-Jan-18 | 102.36 | 144.66 | 127.24 | 94.24 | 35.39 | 22.00 | 8.43 | 17.18 |
| 1-Feb-18 | 101.99 | 144.76 | 127.16 | 93.56 | 35.52 | 22.03 | 8.26 | 17.33 |
| 26 Jan-1 Feb 2018 | 102.29 | 145.17 | 127.30 | 93.92 | 35.46 | 21.99 | 8.31 | 17.24 |

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: The Weekly Market Statistics

| 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 Eurobond Yield (%) | 10-Year Eurobond Yield (%) |
|-----------------------------|-------------------|-----------------------|------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|---|------------------------------------|---------------------------------|----------------------------------|
| 19-Jan-18 | 180.17 | 4501 | 3737 | 1233 | 387.04 | 5,954.69 | 2654.24 | 918 | 3.773 | 5.69 |
| 22-Jan-18 | 175.81 | 4501 | 3742 | 1307 | 19.53 | 552.44 | 2648.92 | 1,080 | 3.769 | 5.743 |
| 23-Jan-18 | 180.43 | 4499 | 3745 | 1149 | 29.69 | 1,035.15 | 2658.01 | 1,775 | 3.675 | 5.662 |
| 24-Jan-18 | 179.44 | 4462 | 3713 | 1171 | 19.03 | 670.06 | 2643.46 | 4,561 | 3.671 | 5.719 |
| 25-Jan-18 | 180.55 | 4492 | 3710 | 1519 | 26.49 | 877.67 | 2659.81 | 1,395 | 3.749 | 5.782 |
| 19 Jan - 25 Jan 2018 | 180.55 | 4,492.00 | 3,710.16 | 6,379 | 481.78 | 9,090.02 | 2,659.81 | 9,728.07 | 3.75 | 5.78 |
| 26-Jan-18 | 181.69 | 4514.45 | 3728.15 | 1070 | 36.39 | 1,026.83 | 2676.67 | 552 | 3.654 | 5.74 |
| 29-Jan-18 | 181.16 | 4520.28 | 3739.69 | 1079 | 9.59 | 287.30 | 2668.79 | 2,601 | 3.824 | 5.843 |
| 30-Jan-18 | 181.04 | 4511.76 | 3727.73 | 1065 | 43.12 | 1,211.14 | 2667.01 | 3,963 | 3.922 | 5.877 |
| 31-Jan-18 | 180.60 | 4512.95 | 3737.27 | 932 | 20.14 | 638.41 | 2660.47 | 2,074 | 3.828 | 5.815 |
| 01-Feb-18 | 181.57 | 4535.27 | 3752.48 | 1094 | 15.28 | 497.35 | 2674.87 | 3,933 | 3.816 | 5.806 |
| 26 Jan - 1 Feb 2018 | 181.57 | 4,535.27 | 3,752.48 | 5,240 | 124.52 | 3,661.04 | 2,674.87 | 13,121.89 | 3.82 | 5.81 |
| Weekly Change (%) | 0.56 | 0.96 | 1.14 | - 17.86 | - 74.15 | - 59.72 | 1.16 | 34.89 | 0.067* | 0.024* |

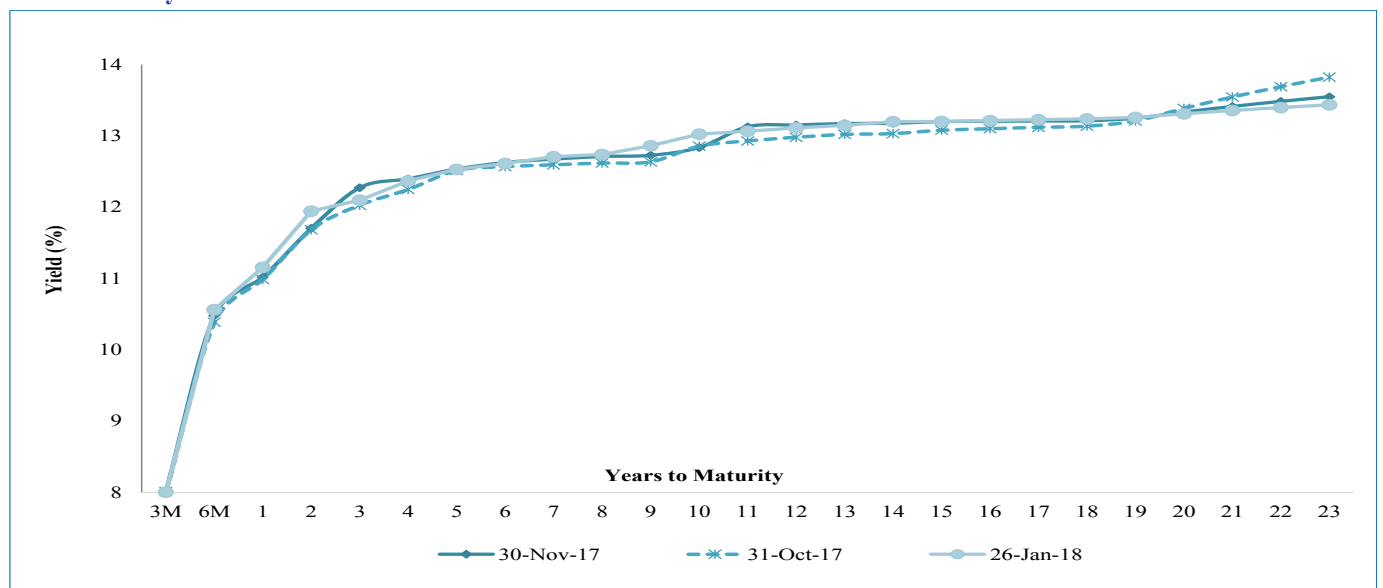
* Percentage points

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills

| Date of Auction | 22-Nov-17 | 13-Dec-17 | | 28-Dec-17 | | 25-Jan-18 |
|-----------------------|-------------|--------------|--------------|------------------|------------------|---------------|
| Tenor | IFB1/2017/7 | FXD1/2008/15 | FXD1/2017/10 | TAP FXD1/2008/15 | TAP FXD1/2017/10 | IFB 1/2018/15 |
| Amount offered (Ksh) | 30,000.0 | 30,000.0 | | 20,000.0 | | 40,000.0 |
| Bids received (Ksh M) | 45,910.9 | 10,086.3 | 11,806.1 | 2,683.6 | 5,138.9 | 55,756.5 |
| Amount Accepted (Ksh) | 42,020.1 | 4,679.8 | 5,366.9 | 2,683.6 | 5,138.9 | 5,041.5 |
| Maturities (Ksh M) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Average interest Rate | 12.232 | 12.581 | 13.087 | 13.087 | 13.087 | 12.505 |

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya

Table 5: Government Domestic Debt (KSh Billion)

| | 27-Oct-17 | 24-Nov-17 | 29-Dec-17 | 05-Jan-18 | 12-Jan-18 | 19-Jan-18 | 26-Jan-18 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 734.84 | 709.79 | 684.72 | 686.51 | 682.20 | 701.05 | 711.31 |
| (As % of total securities) | 34.38 | 33.49 | 31.91 | 31.85 | 31.71 | 32.30 | 32.93 |
| 2. Treasury Bonds | 1,402.49 | 1,409.71 | 1,461.25 | 1,469.11 | 1,469.11 | 1,469.11 | 1,448.96 |
| (As % of total securities) | 65.62 | 66.51 | 68.09 | 68.15 | 68.29 | 67.70 | 67.07 |
| 3. Total Securities (1+2) | 2,137.33 | 2,119.51 | 2,145.97 | 2,155.62 | 2,151.31 | 2,170.16 | 2,160.26 |
| 4. Overdraft at Central Bank | 17.70 | 33.88 | 42.32 | 41.52 | 47.00 | 29.93 | 46.54 |
| 5. Other Domestic debt* | 40.50 | 32.83 | 32.58 | 32.59 | 32.06 | 32.06 | 32.07 |
| 6. Gross Domestic Debt (3+4+5) | 2,195.53 | 2,186.21 | 2,220.87 | 2,229.73 | 2,230.37 | 2,232.14 | 2,238.88 |

* 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 6: Composition of Government Domestic Debt by Instrument (In Percent)

| | 30-Jun-17 | 27-Oct-17 | 24-Nov-17 | 29-Dec-17 | 05-Jan-18 | 12-Jan-18 | 19-Jan-18 | 26-Jan-18 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Treasury bills (Excluding Repos) | 35.2 | 33.5 | 32.5 | 30.8 | 30.8 | 30.6 | 31.4 | 31.8 |
| Treasury bonds | 63.1 | 63.9 | 64.5 | 65.8 | 65.9 | 65.9 | 65.8 | 64.7 |
| CBK Overdraft to Govt | 0.0 | 0.8 | 1.5 | 1.9 | 1.9 | 2.1 | 1.3 | 2.1 |
| Other domestic debt | 1.7 | 1.8 | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Central Bank of Kenya

Table 7: Composition of Government Domestic Debt by Holder (In Percent)

| | 24-Nov-17 | 22-Dec-17 | 29-Dec-17 | 05-Jan-18 | 12-Jan-18 | 19-Jan-18 | 26-Jan-18 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Banking Institutions | 54.7 | 54.3 | 54.6 | 54.8 | 55.0 | 54.6 | 54.9 |
| Insurance Companies | 6.3 | 6.4 | 6.4 | 6.4 | 6.4 | 6.4 | 6.4 |
| Parastatals | 7.0 | 6.9 | 6.9 | 6.8 | 6.8 | 6.8 | 6.9 |
| Pension funds | 27.6 | 27.8 | 27.5 | 27.4 | 27.3 | 27.7 | 27.5 |
| Other investors | 4.4 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Central Bank of Kenya

Table 8: Official Foreign Reserves US\$ Million (Usable)

| | 14-Dec-17 | 21-Dec-17 | 28-Dec-17 | 04-Jan-18 | 11-Jan-18 | 18-Jan-18 | 25-Jan-18 | 01-Feb-18 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million)* | 7,091 | 7,037 | 7,063 | 7,081 | 7,044 | 6,994 | 7,056 | 7,108 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)** | 4.75 | 4.71 | 4.73 | 4.74 | 4.72 | 4.69 | 4.72 | 4.75 |

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya