



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

April 6, 2018

Highlights

Inflation declined further to 4.2 percent in March 2018 from 4.5 percent in February 2018 supported by lower food prices that more than offset the rising energy prices.

The remittance inflows to Kenya have been sustained at high levels in the twelve months to February 2018.

The Kenya Shilling exchange rate remained stable during the week ending April 4, 2018.

Inflation

Overall inflation declined further to 4.2 percent in March 2018 from 4.5 percent in February 2018, and therefore remained below the midpoint of the Government medium term target (Chart 1). The decline, despite rising energy prices, was largely on account of lower food prices following favorable weather conditions and the continued effects of Government measures undertaken in the second half of 2017.

Fuel inflation increased significantly to 8.2 percent in March 2018 from 6.2 percent in February 2018, the highest since August 2014. The increase was mainly driven by a sharp increase in charcoal prices by 27.1 percent in March 2018 compared to February 2018, following the Government ban on logging and disruption of charcoal trade. The rise in fuel inflation also reflects the increase in fuel cost adjustment charges on electricity and upward revision of fuel prices (diesel, kerosene and LPG gas) by the Energy Regulatory Commission (ERC), which more than offset the decline in petrol prices in March 2018.

Food inflation declined to 2.6 percent in March 2018 from 4.1 percent in February 2018. Non-Food-Non-Fuel (NFNF) inflation remained below 5 percent. It increased modestly to 3.8 percent in March 2018 from 3.6 percent in February 2018.

Activity in the Interbank Market

The volumes traded in the interbank market increased to an average of KSh 20.7 billion during the week ending April 4, 2018 from KSh 14.8 billion in the previous week largely reflecting relatively tight liquidity conditions on account of payments for Government securities. The number of deals in the interbank market increased to an average of 44 compared with an average of 36 in the previous week. Similarly, the weighted average interbank rate increased to 6.25 percent from 5.76 percent in the previous week (**Table 1**).

Kenya Shilling Exchange Rate

The Kenya Shilling strengthened against the Sterling Pound, the Euro and the Japanese Yen but weakened slightly against the US Dollar during the week ending April 5, 2018. The weakening of the Shilling against the Dollar was as a result of increased demand from the manufacturing sector. In the EAC region, the Shilling strengthened against Uganda Shilling and Rwanda Franc but weakened against the Tanzania Shilling and the Burundi Franc (**Table 2**).

Remittance Inflows

Remittance inflows to Kenya through formal channels increased by 0.7 percent to stand at USD 210.4 million in February 2018 from USD 208.9 million recorded in January 2018 and USD 203.8 million in December 2017. The growth in inflows

reflects resilience in monthly receipts observed since 2008 (Chart 2). The 12-months cumulative inflows to February 2018 stood at USD 2,081 million, which was 20 percent higher than the USD 1,735 million recorded over the same period in 2017. Increased marketing of Kenya as an investment destination for Kenyans abroad, diversification of international remittance service providers, better classification of remittances by banks and reduced cost of transferring money are some of the key factors behind the sustained growth in remittance inflows into the country.

Equity Market

The equities market segment performance improved across all indicators. Trading in the equities market improved in both volume and prices, except the number of deals. All the equities indices recorded gains, reflecting increase in share prices across all counters during the week ending April 5, 2018. Consequently, shareholders' wealth, as measured by market capitalization grew by KSh 106.65 billion or 3.82 percent in just four days. This strong performance may be attributed to investors positive sentiments on growth prospects (**Table 3**).

Bond Market and Eurobond Yields

The bonds market recorded reduced activity in the week ending April 5, 2018. Turnover in the bond market declined by 13.7 percent in the week ending April 5, 2018, which may reflect investor appetite for equities. The yields on Kenya Eurobonds declined across all maturities in the week ending April 4, 2018, perhaps a reflection of increased liquidity in global markets and lower risk perception from investors (**Table 3**).

TABLES AND CHARTS

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Mar-18	30	10,180	5.31
23-Mar-18	23	5,775	6.11
26-Mar-18	38	20,530	5.82
27-Mar-18	38	16,780	5.68
28-Mar-18	52	20,550	5.89
March 22 - 28, 2018	36	14,763	5.76
29-Mar-18	41	19,650	6.07
3-Apr-18	40	19,980	6.24
4-Apr-18	51	22,430	6.45
March 29 - April 4, 2018	44	20,687	6.25

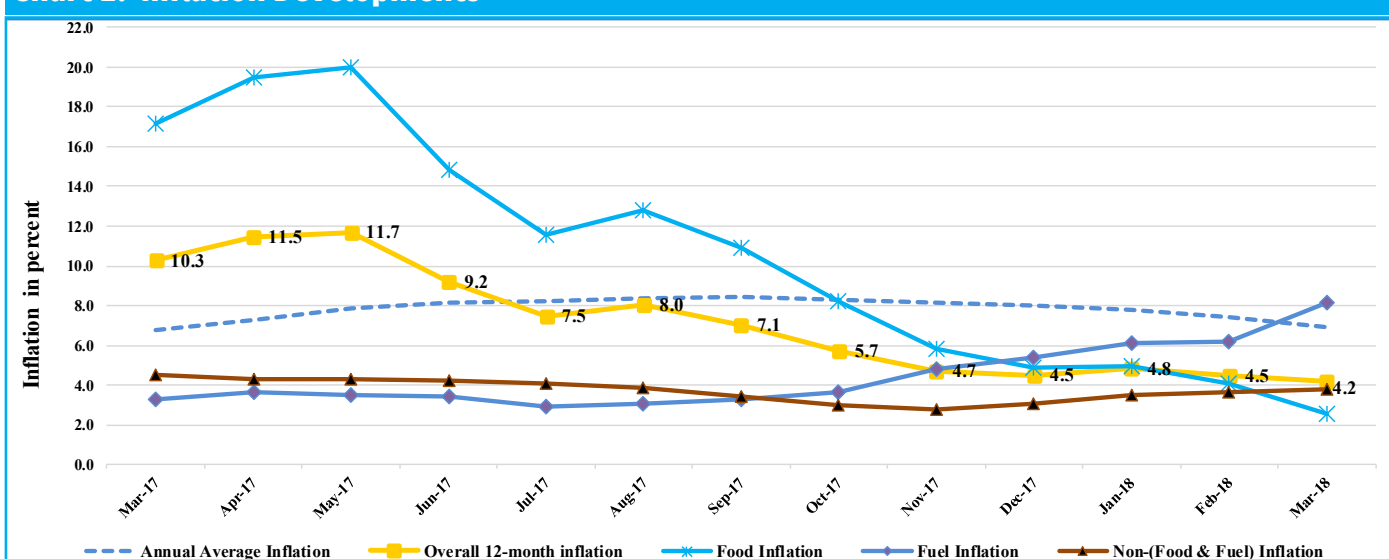
Source: Central Bank of Kenya

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

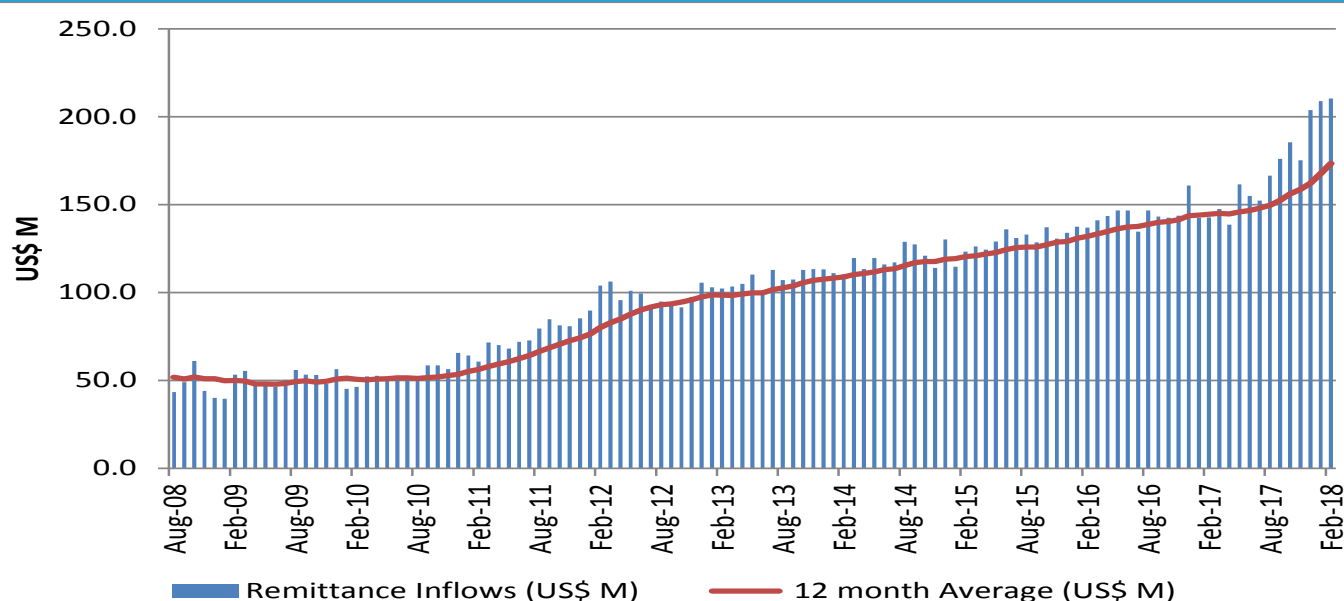
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Mar-18	100.97	142.38	124.29	95.79	36.27	22.41	8.57	17.43
26-Mar-18	100.96	142.77	124.57	96.06	36.27	22.35	8.44	17.56
27-Mar-18	100.91	143.38	125.32	95.93	36.37	22.42	8.45	17.58
28-Mar-18	100.86	142.79	125.18	95.69	36.31	22.43	8.58	17.45
29-Mar-18	100.85	142.31	124.74	94.88	36.52	22.38	8.59	17.46
March 23 - 29, 2018	100.91	142.73	124.82	95.67	36.35	22.40	8.52	17.50
3-Apr-18	100.89	141.84	124.41	94.86	36.57	22.39	8.45	17.58
4-Apr-18	101.07	142.01	123.99	94.85	36.51	22.39	8.57	17.42
5-Apr-18	101.06	142.24	124.26	95.07	36.54	22.39	8.57	17.42
March 29 - April 4, 2018	101.01	142.03	124.22	94.92	36.54	22.39	8.53	17.47

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Chart 1: Inflation Developments

Source: KNBS and CBK staff calculations

Chart 2: Monthly Remittance Inflows (US\$ Million)

Source: Central Bank of Kenya

Table 3: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Number of Deals	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Yr Euro-bond Yield (%)	10-Yr Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Yr Euro-bond Yield (%)
16-22 Mar' 18	191.67	4,944.09	3,851.37	8,900	195.57	7,298.14	2,823.96	9,040.72	3.79	6.17	6.79	7.78
23-Mar-18	192.17	4957.44	3847.18	1542	23.38	842.60	2,831.32	1,656.80	3.83	6.24	6.86	7.81
26-Mar-18	191.44	4945.31	3831.16	1670	20.69	769.25	2,820.53	2,335.12	3.83	6.23	6.86	7.75
27-Mar-18	190.54	4934.56	3822.12	1602	23.94	686.84	2,807.26	3,075.82	3.70	6.07	6.70	7.67
28-Mar-18	189.34	4920.91	3816.56	1566	21.51	679.36	2,789.59	1,911.86	3.80	6.12	6.76	7.71
23-28 Mar' 18	189.34	4,920.91	3,816.56	6,380	89.52	2,978.04	2,789.59	8,979.60	3.80	6.12	6.76	7.71
29-Mar-18	192.17	4957.44	3847.18	1542	23.38	842.60	2,831.32	1,656.80	3.83	6.24	6.86	7.81
03-Apr-18	191.92	4959.07	3832.12	1238	20.33	599.21	2,827.63	758.73	3.67	5.99	6.59	7.61
04-Apr-18	193.90	4977.83	3820.84	1443	25.63	1,083.10	2,856.79	1,315.97	3.67	5.94	6.559	7.61
05-Apr-18	196.57	5017.27	3836.49	1422	22.05	667.78	2,896.24	4,018.26	3.73	5.84	6.47	7.57
29 Mar-5 Apr, '18	196.57	5017.27	3836.49	5645	91.40	3,192.68	2,896.24	7,749.75	3.73	5.84	6.49	7.57
Weekly Change	3.82%	1.96%	0.52%	-11.52%	2.10%	7.21%	3.82%	-13.70%	*-0.069	*-0.28	*-0.272	*-0.141

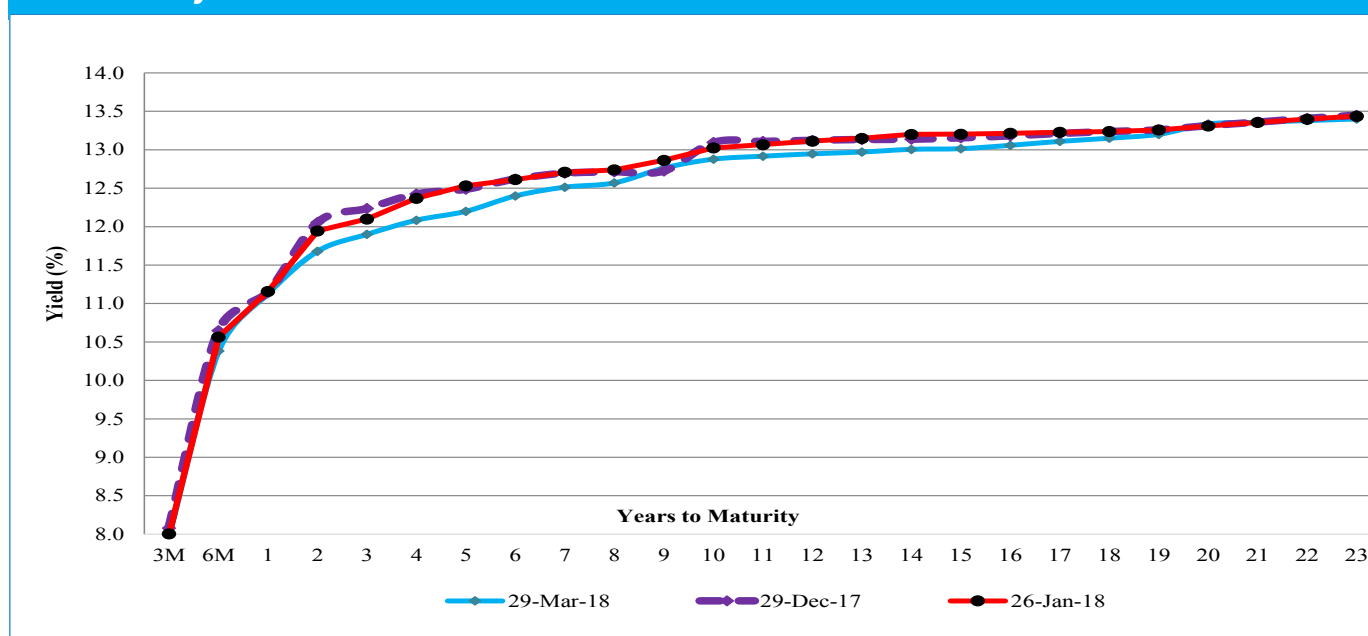
* Percentage points

Source: Central Bank of Kenya, NSE and Reuters

Table 4: Performance of Treasury Bonds

Date of Auction	21-Feb-18		1-Mar-18		21-Mar-18		28-Mar-18	
Tenor	Re-open FXD1/2010/15	Re-open FXD2/2013/15	TAP FXD1/2010/15	TAP FXD2/2013/15	FXD1/2018/5	FXD1/2018/20	TAP FXD 1/2018/5	TAP FXD 1/2018/20
Amount offered (Ksh M)	40,000.0		27,000.0		40,000.0		8,500.0	
Bids received (Ksh M)	7,965.9	16,175.7	318.0	3,501.4	37,645.9	13,738.8	7,739.2	7,769.3
Amount Accepted (Ksh M)	4,444.2	8,761.0	318.0	3,501.4	23,065.3	8,491.0	7,739.2	7,769.3
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.676	12.906	12.676	12.906	12.299	13.336	12.299	13.336

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya and NSE

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

Date of Auction	8-Mar-18	15-Mar-18	29-Mar-18	05-Apr-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	3,844.72	2,185.28	1,762.19	2,954.15
Amount Accepted (Ksh M)	3,170.17	2,179.40	1,761.56	2,936.52
Maturities (Ksh M)	5,065.65	673.55	2,790.30	3,322.85
Average interest Rate (%) - 91 Days	8.026	8.005	8.000	8.006

182-Day Treasury Bills

Date of Auction	8-Mar-18	15-Mar-18	29-Mar-18	05-Apr-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	14,968.11	7,819.00	3,753.17	7,164.54
Amount Accepted (Ksh M)	11,556.17	7,142.53	3,753.17	7,026.40
Maturities (Ksh M)	21,834.70	2,598.55	5,467.05	2,228.80
Average interest Rate (%) - 182 days	10.385	10.385	10.384	10.318

364-Day Treasury Bills

Date of Auction	8-Mar-18	15-Mar-18	29-Mar-18	05-Apr-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	18,378.89	17,360.50	7,149.41	15,561.84
Amount Accepted (Ksh M)	17,929.53	13,598.84	6,249.64	15,561.84
Maturities (Ksh M)	17,862.85	17,102.25	10,287.75	13,580.25
Average interest Rate (%) - 364 days	11.128	11.126	11.130	11.120

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (Ksh Billion)

	16-Feb-18	23-Feb-18	02-Mar-18	09-Mar-18	16-Mar-18	23-Mar-18	29-Mar-18
1. Treasury Bills (Excluding Repos)	757.25	754.54	768.34	775.86	766.39	768.30	772.70
(As % of total securities)	33.74	33.80	33.99	34.15	33.87	33.93	33.59
2. Treasury Bonds	1,487.15	1,477.96	1,492.15	1,496.20	1,496.20	1,496.20	1,527.84
(As % of total securities)	66.26	66.20	66.01	65.85	66.13	66.07	66.41
3. Total Securities (1+2)	2,244.40	2,232.50	2,260.49	2,272.06	2,262.59	2,264.50	2,300.54
4. Overdraft at Central Bank	27.92	42.09	46.21	46.21	46.49	46.02	39.65
5. Other Domestic debt*	32.01	31.45	31.46	31.46	31.45	31.45	31.46
6. Gross Domestic Debt (3+4+5)	2,304.34	2,306.05	2,338.15	2,349.73	2,340.52	2,341.97	2,371.65

* 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)

	16-Feb-18	23-Feb-18	2-Mar-18	9-Mar-18	16-Mar-18	23-Mar-18	29-Mar-18
Treasury bills (Excluding Repos)	32.9	32.7	32.9	33.0	32.7	32.8	32.6
Treasury bonds	64.5	64.1	63.8	63.7	63.9	63.9	64.4
CBK Overdraft to Govt	1.2	1.8	2.0	2.0	2.0	2.0	1.7
Other domestic debt	1.4	1.4	1.3	1.3	1.3	1.3	1.3
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 Domestic Debt by Holder (In Percent)

	16-Feb-18	23-Feb-18	2-Mar-18	9-Mar-18	16-Mar-18	23-Mar-18	29-Mar-18
Banking Institutions	55.0	55.3	55.4	55.4	55.3	55.3	55.3
Insurance Companies	6.3	6.3	6.3	6.3	6.3	6.3	6.4
Parastatals	6.8	6.7	6.8	6.8	6.8	6.8	6.8
Pension funds	27.5	27.2	27.1	27.1	27.1	27.1	27.1
Other investors	4.5	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 9: Official Foreign Reserves US\$ Million (Usable)

	1-Mar-18	8-Mar-18	15-Mar-18	22-Mar-18	29-Mar-18	5-April-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,154	7,155	8,831	8,791	8,846	8,815
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.78	4.78	5.90	5.87	5.91	5.89

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya