



Central Bank of Kenya

# Weekly Bulletin

August 9, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending August 8. It exchanged at KSh 103.4 per US Dollar on August 8, compared to KSh 104.2 on August 1 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 9,405 million (5.98 months of import cover) as at August 8. 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 was liquid during the week ending August 8, supported by Government payments. Commercial banks' excess reserves stood at KSh 6.1 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 3.6 percent on August 8, from 2.6 percent on August 1. The average number of interbank deals also increased to 19 from 16 in the previous week, while the value traded decreased to KSh 6.2 billion from KSh 8.9 billion (Table 3).

### Government Securities Market

The Treasury bills auctions of August 8 received bids totaling KSh 29.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 122.8 percent. Interest rates on the 91-day and 182-day Treasury bills decreased, while that of the 364-day Treasury bills increased marginally (Table 4).

### Equity Market

All the equity market indicators declined in the week ending August 8. The NASI, NSE 25 and NSE 20 share price indices declined by 0.8 percent, 0.5 percent and 2.4 percent, respectively, compared to the previous week. Market capitalization, equity turnover and the volume of shares traded also decreased by 0.4 percent, 59.3 percent and 45.0 percent, respectively (Table 6).

### Bonds Market

Trading activity in the domestic secondary bond market declined by 42.2 percent during the week ending August 8. In the international market, yields on Kenya's 7-year Eurobond, 10-year (2024), 10-year (2028) declined by 2.7, 3.3 and 3.5 basis points, respectively, while those on the 12-year and 30-year Eurobonds increased by 27.5 and 8.8 basis points, respectively (Table 6). The yields on 10-year Eurobonds for Ghana and Angola also increased (Chart 2).

### Derivatives Market

Total volume of futures contracts settled on the NSE Derivatives Market (NEXT) during the week ending August 8, rose to 43 valued at KSh 1.2 million, compared to 32 contracts valued at KSh 0.9 million in the previous week.

### Global Trends

Uncertainties remained in the global financial markets during the week, as the US imposed a 10 percent tariff on an additional USD 300 billion worth of Chinese products from September 1. The trade dispute between the two countries was also compounded by China allowing the Yuan to weaken below a key threshold level, the lowest since 2008. Furthermore, the prospect of a no-deal Brexit increased during the week with talks between the UK and EU deadlocked.

International oil prices declined during the week following a surprise build up in US crude inventories amid fears of a slowdown in global growth. Murban oil price decreased to USD 58.26 per barrel on August 8 from USD 64.48 per barrel on August 1.

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

|                           | USD           | Sterling Pound | Euro          | 100 Japanese Yen | USHS*        | TSHS*        | RWF*        | BIF*         |
|---------------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 26-Jul-19                 | 103.80        | 129.78         | 115.99        | 95.56            | 35.58        | 22.15        | 8.82        | 17.72        |
| 29-Jul-19                 | 103.82        | 128.95         | 115.56        | 95.62            | 35.59        | 22.14        | 8.82        | 17.74        |
| 30-Jul-19                 | 104.07        | 127.79         | 115.81        | 95.82            | 35.60        | 22.10        | 8.80        | 17.70        |
| 31-Jul-19                 | 104.21        | 124.02         | 115.95        | 95.93            | 35.51        | 22.06        | 8.80        | 17.68        |
| 1-Aug-19                  | 104.17        | 127.09         | 116.11        | 95.95            | 35.52        | 22.07        | 8.80        | 17.69        |
| <b>July 26 - August 1</b> | <b>104.01</b> | <b>127.53</b>  | <b>115.88</b> | <b>95.78</b>     | <b>35.56</b> | <b>22.10</b> | <b>8.81</b> | <b>17.71</b> |
| 2-Aug-19                  | 103.23        | 124.91         | 113.99        | 95.11            | 35.84        | 22.27        | 8.88        | 17.85        |
| 5-Aug-19                  | 103.01        | 124.95         | 114.32        | 97.16            | 35.92        | 22.32        | 8.90        | 17.89        |
| 6-Aug-19                  | 103.20        | 125.55         | 115.40        | 97.36            | 35.78        | 22.28        | 8.89        | 17.86        |
| 7-Aug-19                  | 103.27        | 125.77         | 115.48        | 96.99            | 35.78        | 22.25        | 8.88        | 17.85        |
| 8-Aug-19                  | 103.44        | 125.66         | 116.05        | 97.85            | 35.65        | 22.23        | 8.87        | 17.82        |
| <b>August 2-8</b>         | <b>103.23</b> | <b>125.37</b>  | <b>115.05</b> | <b>96.89</b>     | <b>35.80</b> | <b>22.27</b> | <b>8.89</b> | <b>17.85</b> |

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

|   | 27-Jun-19 | 11-Jul-19 | 18-Jul-19 | 25-Jul-19 | 01-Aug-19 | 08-Aug-19 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million)             | 9,131     | 9,765     | 9,747     | 9,568     | 9,490     | 9,405     |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 5.81      | 6.21      | 6.20      | 6.01      | 6.04      | 5.98      |

\*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 (%) |
|---------------------------|-----------------|---------------|----------------------------|
| 26-Jul-19                 | 19              | 9,650         | 2.75                       |
| 29-Jul-19                 | 12              | 4,120         | 2.67                       |
| 30-Jul-19                 | 16              | 10,560        | 2.57                       |
| 31-Jul-19                 | 14              | 12,470        | 2.45                       |
| 1-Aug-19                  | 17              | 7,800         | 2.51                       |
| <b>July 26 - August 1</b> | <b>16</b>       | <b>8,920</b>  | <b>2.59</b>                |
| 2-Aug-19                  | 17              | 5,950         | 2.67                       |
| 5-Aug-19                  | 19              | 7,000         | 2.93                       |
| 6-Aug-19                  | 23              | 7,610         | 3.21                       |
| 7-Aug-19                  | 17              | 5,980         | 3.30                       |
| 8-Aug-19                  | 20              | 4,335         | 3.55                       |
| <b>August 2-8</b>         | <b>19</b>       | <b>6,175</b>  | <b>3.13</b>                |

Source: Central Bank of Kenya

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

| Date of Auction           | 28-Mar-19    | 27-Jun-19    | 25-Jul-19    | 01-Aug-19    | 08-Aug-19    |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Amount offered (Ksh M)    | 4,000.00     | 4,000.00     | 4,000.00     | 4,000.00     | 4,000.00     |
| Bids received (Ksh M)     | 6,693.92     | 4,143.64     | 8,072.05     | 8,209.12     | 4,148.92     |
| Amount Accepted (Ksh M)   | 966.23       | 4,142.56     | 5,125.66     | 8,209.12     | 3,170.13     |
| Maturities (Ksh M)        | 1,044.15     | 983.55       | 7,561.00     | 1,126.85     | 3,580.70     |
| Average interest Rate (%) | <b>7.500</b> | <b>6.738</b> | <b>6.592</b> | <b>6.547</b> | <b>6.449</b> |

**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)     | 7,343.75     | 3,519.12     | 2,720.01     | 7,755.01     | 6,385.27     |
| Amount Accepted (Ksh M)   | 5,908.18     | 3,519.12     | 2,720.01     | 3,907.37     | 5,428.17     |
| Maturities (Ksh M)        | 5,245.70     | 2,696.35     | 3,248.15     | 8,359.75     | 9,314.35     |
| Average interest Rate (%) | <b>8.204</b> | <b>7.487</b> | <b>7.365</b> | <b>7.254</b> | <b>7.154</b> |

**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)     | 30,046.91    | 52,155.78    | 16,446.47    | 17,041.83    | 18,947.62    |
| Amount Accepted (Ksh M)   | 23,655.49    | 23,425.49    | 16,423.62    | 11,888.80    | 18,032.36    |
| Maturities (Ksh M)        | 6,923.80     | 19,230.40    | 14,534.60    | 9,124.15     | 11,676.30    |
| Average interest Rate (%) | <b>9.408</b> | <b>8.759</b> | <b>8.988</b> | <b>9.038</b> | <b>9.152</b> |

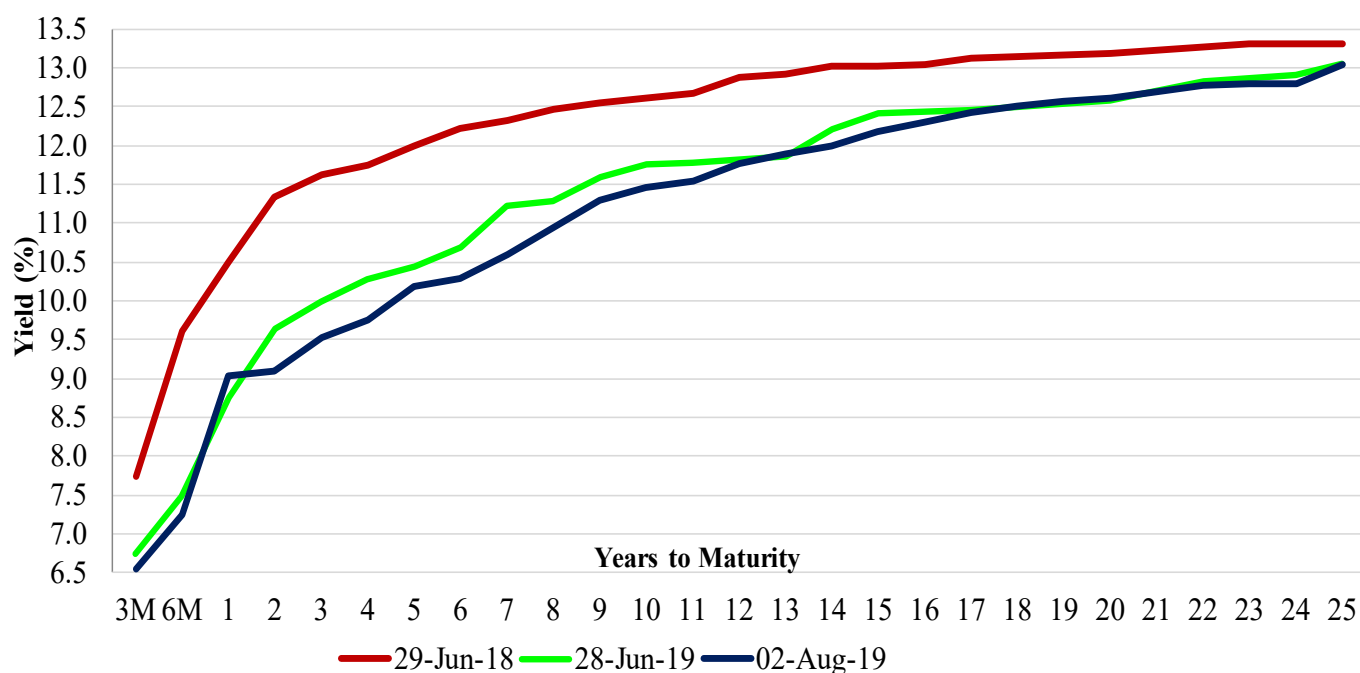
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

| Date of Auction           | 10-Apr-19     |                | 13-Jun-19     |                | 24-Jul-19     |
|---------------------------|---------------|----------------|---------------|----------------|---------------|
|                           | REOPEN        |                |               |                |               |
| Tenor                     | FXD 2/2019/10 | FXD 1/ 2019/20 | FXD 1/2012/15 | FXD 1/ 2018/15 | FXD 3/2019/15 |
| Amount offered (Ksh M)    | 50,000.00     |                | 40,000.00     |                | 40,000.00     |
| Bids received (Ksh M)     | 85,615.54     |                | 85,615.66     |                | 86,674.56     |
| Amount Accepted (Ksh M)   | 51,326.72     | 9,022.76       | 21,211.35     | 17,727.97      | 50,578.30     |
| Maturities (Ksh M)        | 0.00          | 0.00           | 0.00          | 0.00           | 0.00          |
| Average interest Rate (%) | 12.30         | 12.87          | 11.59         | 12.46          | 12.34         |

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

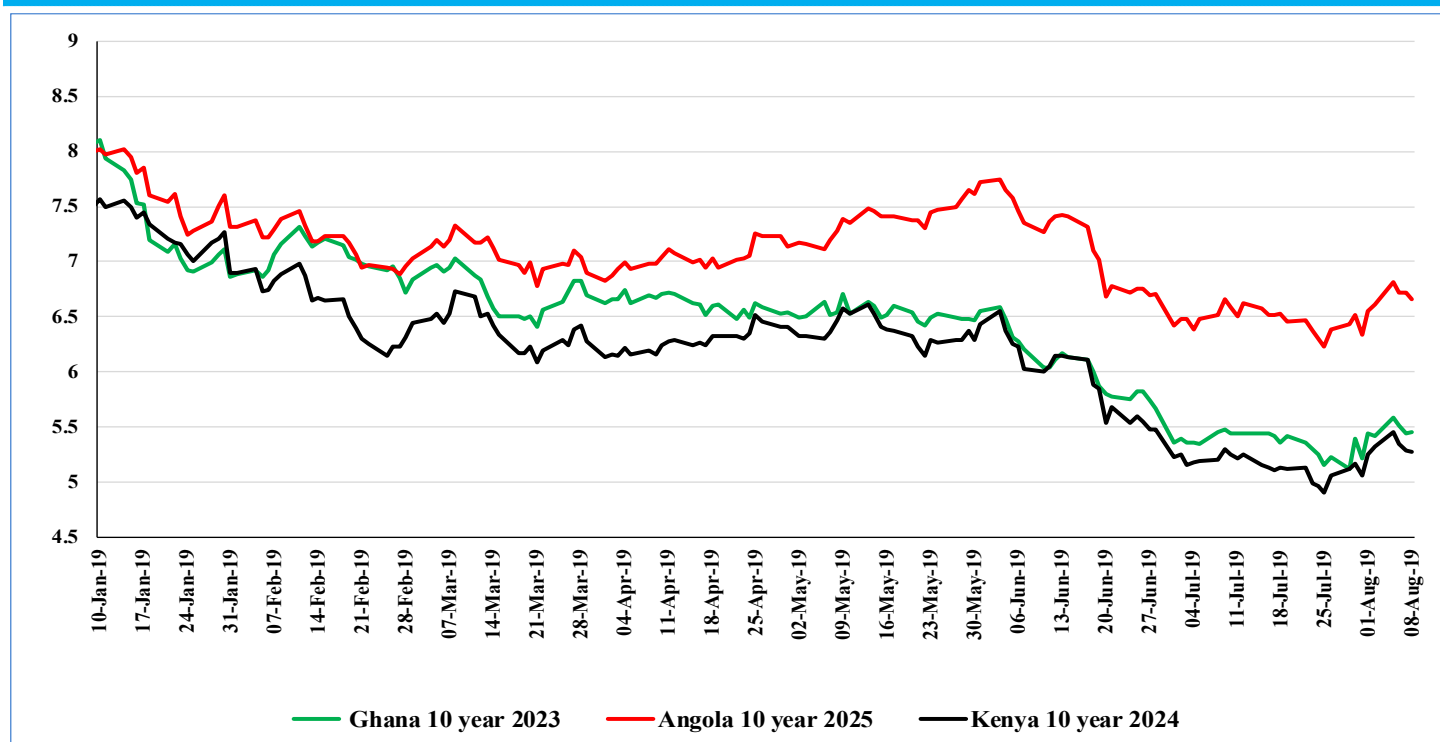
**Table 6: Key Weekly Market Indicators**

| INDICATOR                 | NASI<br>100=2008 | NSE 25<br>Share<br>Index | NSE 20<br>Share<br>Index<br>100=1996 | Total<br>Deals<br>(Equity) | Total<br>Shares<br>Traded<br>(Mil-<br>lion) | Equity<br>Turnover<br>(KSh<br>Million) | Market<br>Capital-<br>ization<br>(KSh<br>Billion) | Bonds<br>Turnover<br>(KSh<br>Million) | 7-Year<br>Euro-<br>bond<br>Yield<br>(%) | 10-Year<br>Euro-<br>bond<br>Yield<br>(%)<br>2024 | 10-Year<br>Euro-<br>bond<br>Yield<br>(%)<br>2028 | 12-Year<br>Euro-<br>bond<br>Yield<br>(%) | 30-Year<br>Euro-<br>bond<br>Yield<br>(%) |
|---------------------------|------------------|--------------------------|--------------------------------------|----------------------------|---|--|---|---------------------------------------|---|--|--|--|--|
| 26-Jul-19                 | 149.00           | 2,606.21                 | 2,651.80                             | 834.00                     | 13.16                                       | 346.62                                 | 2,269.37  | 2,920.47                              | 6.140                                   | 5.065  | 6.424  | 7.021                                    | 7.751                                    |
| 29-Jul-19                 | 149.02           | 3,608.54                 | 2,646.53                             | 787.00                     | 6.58  | 471.39                                 | 2,269.56  | 3,621.89                              | 6.201                                   | 5.123  | 6.536  | 7.172                                    | 7.809                                    |
| 30-Jul-19                 | 148.44           | 3,594.39                 | 2,630.35                             | 950.00                     | 18.70                                       | 554.82                                 | 2,260.65  | 4,615.44                              | 6.280                                   | 5.167  | 6.630  | 7.279                                    | 7.916                                    |
| 31-Jul-19                 | 148.25           | 3,583.09                 | 2,627.81                             | 1,140.00                   | 25.51                                       | 807.99                                 | 2,257.97  | 3,567.76                              | 6.102                                   | 5.066  | 6.461  | 7.096                                    | 7.883                                    |
| 1-Aug-19                  | 148.30           | 3,578.07                 | 2,619.03                             | 866.00                     | 5.67  | 233.43                                 | 2,258.68  | 5,323.70                              | 6.345                                   | 5.258  | 6.720  | 7.096                                    | 7.992                                    |
| <b>July 26-August 1</b>   | <b>148.30</b>    | <b>3578.07</b>           | <b>2619.03</b>                       | <b>4,577.00</b>            | <b>69.62</b>                                | <b>2,414.25</b>                        | <b>2,258.68</b>                                   | <b>20,049.26</b>                      | <b>6.345</b>                            | <b>5.258</b>                                     | <b>6.720</b>                                     | <b>7.096</b>                             | <b>7.992</b>                             |
| 2-Aug-19                  | 148.33           | 3,581.88                 | 2,586.68                             | 880.00                     | 7.78  | 150.08                                 | 2,259.78  | 1,976.48                              | 6.420                                   | 5.321  | 6.781  | 7.434                                    | 8.070                                    |
| 5-Aug-19                  | 148.10           | 3,568.75                 | 2,575.73                             | 573.00                     | 5.57  | 209.79                                 | 2,263.42  | 1,555.06                              | 6.547                                   | 5.456  | 6.916  | 7.575                                    | 8.204                                    |
| 6-Aug-19                  | 147.31           | 3,548.38                 | 2,552.19                             | 1,081.00                   | 5.84  | 212.11                                 | 2,251.41  | 2,824.33                              | 6.413                                   | 5.342  | 6.819  | 7.480                                    | 8.152                                    |
| 7-Aug-19                  | 146.74           | 3,545.64                 | 2,545.28                             | 913.00                     | 9.13  | 231.31                                 | 2,242.62  | 2,569.84                              | 6.339                                   | 5.291  | 6.781  | 7.449                                    | 8.136                                    |
| 8-Aug-19                  | 147.18           | 3,560.53                 | 2,556.91                             | 850.00                     | 9.99  | 179.64                                 | 2,249.39  | 2,665.92                              | 6.329                                   | 5.280  | 6.762  | 7.433                                    | 8.105                                    |
| <b>August 2- 8</b>        | <b>147.18</b>    | <b>3560.53</b>           | <b>2556.91</b>                       | <b>4,297.00</b>            | <b>38.30</b>                                | <b>982.92</b>                          | <b>2,249.39</b>                                   | <b>11,591.64</b>                      | <b>6.318</b>                            | <b>5.225</b>                                     | <b>6.685</b>                                     | <b>7.371</b>                             | <b>8.080</b>                             |
| <b>Weekly Changes (%)</b> | <b>-0.76</b>     | <b>-0.49</b>             | <b>-2.37</b>                         | <b>-6.12</b>               | <b>-44.98</b>                               | <b>-59.29</b>                          | <b>-0.41</b>                                      | <b>-42.18</b>                         | <b>-0.027*</b>                          | <b>-0.033*</b>                                   | <b>-0.035*</b>                                   | <b>0.275*</b>                            | <b>0.088*</b>                            |

\*Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

**Chart 2: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters

**Table 7: Government Domestic Debt (KSh Billion)**

|                                       | 29-Jun-18       | 28-Dec-18       | 29-Mar-19       | 28-Jun-19       | 26-Jul-19       | 02-Aug-19       |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos)   | 878.62          | 904.10          | 949.66          | 954.25          | 952.98          | 953.55          |
| (As % of total securities)            | 36.75           | 36.90           | 36.04           | 35.31           | 35.28           | 34.65           |
| 2. Treasury Bonds                     | 1,511.87        | 1,546.29        | 1,685.02        | 1,748.15        | 1,748.15        | 1,798.70        |
| (As % of total securities)            | 63.25           | 63.10           | 63.96           | 64.69           | 64.72           | 65.35           |
| 3. Total Securities (1+2)             | 2,390.49        | 2,450.39        | 2,634.67        | 2,702.40        | 2,701.13        | 2,752.25        |
| 4. Overdraft at Central Bank          | 56.85           | 45.86           | 36.90           | 57.33           | 64.52           | 65.97           |
| 5. Other Domestic debt*               | 31.44           | 31.61           | 31.37           | 25.76           | 25.76           | 25.45           |
| <b>6. Gross Domestic Debt (3+4+5)</b> | <b>2,478.78</b> | <b>2,527.86</b> | <b>2,702.93</b> | <b>2,785.48</b> | <b>2,791.42</b> | <b>2,843.68</b> |

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

|                                  | 29-Jun-18     | 28-Dec-18     | 29-Mar-19     | 28-Jun-19     | 26-Jul-19     | 02-Aug-19     |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 35.45         | 35.77         | 35.12         | 34.26         | 34.13         | 33.52         |
| Treasury bonds                   | 60.99         | 61.17         | 62.34         | 62.78         | 62.63         | 63.25         |
| CBK Overdraft to Government      | 2.29          | 1.81          | 1.36          | 2.06          | 2.31          | 2.32          |
| Other domestic debt              | 1.27          | 1.25          | 1.18          | 0.91          | 0.92          | 0.90          |
| <b>TOTAL</b>                     | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

Source: Central Bank of Kenya

**Table 9: Composition of Government Domestic Debt by Holder (Percent)**

|                      | <b>28-Dec-18</b> | <b>29-Mar-19</b> | <b>28-Jun-19</b> | <b>12-Jul-19</b> | <b>26-Jul-19</b> | <b>02-Aug-19</b> |
|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Banking Institutions | 54.53            | 54.88            | 54.37            | 54.12            | 54.57            | 54.54            |
| Insurance Companies  | 6.06             | 6.16             | 6.13             | 6.12             | 6.11             | 6.16             |
| Parastatals          | 7.25             | 7.10             | 6.98             | 7.02             | 7.00             | 6.97             |
| Pension funds        | 27.59            | 27.49            | 28.24            | 28.46            | 28.05            | 28.05            |
| Other investors      | 4.57             | 4.37             | 4.28             | 4.28             | 4.27             | 4.28             |
| <b>Total</b>         | <b>100.00</b>    | <b>100.00</b>    | <b>100.00</b>    | <b>100.00</b>    | <b>100.00</b>    | <b>100.00</b>    |

Source: Central Bank of Kenya

**Table 10: Indicators of Total Government Debt**

|  | <b>Sep-18</b>   | <b>Dec-18</b>   | <b>Mar-19</b>   | <b>Apr-19</b>   | <b>May-19</b>   | <b>Jun-19</b>   |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Billion)                                | 2,540.70        | 2,548.77        | 2,699.09        | 2,741.68        | 2,773.06        | 2,785.94        |
| Public & Publicly Guaranteed External debt (US \$ Billion) | 25.81           | 26.74           | 27.01           | 28.04           | 27.97           | 29.55           |
| Public & Publicly Guaranteed External debt (KSh Billion)   | 2,605.33        | 2,723.73        | 2,721.60        | 2,842.48        | 2,834.84        | 3,023.14        |
| <b>Total public debt (KSh Billion)</b>                     | <b>5,146.04</b> | <b>5,272.50</b> | <b>5,420.68</b> | <b>5,584.16</b> | <b>5,607.91</b> | <b>5,809.08</b> |

Source: National Treasury and Central Bank of Kenya