



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 21, 2018

Interbank Market

Activity in the interbank market decreased during the week ending September 19, partly reflecting reduced demand for liquidity by banks as the new CRR cycle began. The average volumes traded decreased to KSh 14.3 billion during the week compared to KSh 18.39 billion in the previous week, while the average number of deals decreased slightly to 25 from 29. Similarly, the weighted average interbank rate declined to 3.62 percent from 4.17 percent in the previous week (**Table 1**).

Exchange Rate

The Kenya Shilling remained relatively steady against major international and regional currencies during the week ending September 20. The shilling strengthened against the Japanese Yen but marginally weakened against the US Dollar, the Pound Sterling and the Euro. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling, remained stable against the Rwanda Franc but weakened marginally against the Tanzania Shilling and the Burundi Franc (**Table 2**).

Government Securities Market

The Government securities market continued good performance during the week ending September 21, 2018, with the Treasury bill auction for the week achieving a subscription rate of 123.9 percent compared to 181.10 percent in the previous week. The auction received bids totaling KSh 29.7 billion against an advertised amount of KSh 24.0 billion. All tenures were oversubscribed. Interest rates on the Treasury bills continued to decline (**Table 5**).

The Government also reopened the 10-year and 20-year fixed coupon Treasury bonds on September 19. The auction received bids amounting to KSh

32.5 billion against the advertised amount of KSh 40.0 billion. The yield curve of Government securities continued the gradual downward shift during the week.

Equity Market

The equity market recorded mixed performance during the week ending September 20, with improved trading activity and declining share prices. Improvement during the week under review was indicated by increased number of deals, total shares traded and equity turnover by 1.39 percent, 64.79 percent and 45.34 percent, respectively. The NASI All-Share, NSE 25 and NSE 20 share price indices reduced by 5.67 percent, 6.28 percent and 4.40 percent, respectively. The decline in equity prices resulted in lower market capitalization by 5.68 percent (**Table 3**).

Bond Market

The performance of the local secondary bond market improved during the week under review with bond turnover increasing by 46.15 percent. In the international market, yields on Kenya's 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds reduced in the week ending September 20 (**Table 3**). This was the same trend seen in yields on Eurobonds of selected African countries (**Chart 1**).

Global Financial Markets

The major financial markets sustained gains in the week ending September 20, compared to the previous week, with Standard and Poor 500 and FTSE 100 increasing by 0.91 percent and 1.18 percent, respectively. The equity markets in emerging economies also recorded significant gains with the emerging market index (MSCI-EM) rising by

1.89 percent in the week. The gains in these equity markets is on account of better prospects for new Sino-US trade talks, and rising crude oil and coal prices over the past week.

The emerging market currencies depreciated slightly, with the Brazilian Real weakening due to the election uncertainties. However, the Argentinian Peso strengthened towards the end of the week on account of optimism that the government will sign a revised standby facility with the IMF that will include strict fiscal policy measures. Furthermore, the Turkish lira headed for its second best week since 2009 after the Turkish Central Bank hiked its policy rate on September 13, 2018 by 625 basis points to 24 percent, which resulted in an appreciation of the Lira against the US Dollar.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Sep-18	33	17,650	4.97
7-Sep-18	30	19,850	4.34
10-Sep-18	26	15,375	4.15
11-Sep-18	28	18,225	3.81
12-Sep-18	30	20,825	3.58
September 6 - 12, 2018	29	18,385	4.17
13-Sep-18	34	19,525	3.47
14-Sep-18	33	19,600	3.63
17-Sep-18	21	11,570	3.63
18-Sep-18	20	13,100	3.55
19-Sep-18	16	7,700	3.82
September 13- 19, 2018	25	14,299	3.62

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*
7-Sep-18	100.72	130.32	117.19	91.06	37.48	22.71	8.75	17.58
10-Sep-18	100.72	130.44	117.14	90.71	37.53	22.72	8.75	17.58
11-Sep-18	100.71	131.06	116.83	90.38	37.58	22.68	8.75	17.58
12-Sep-18	100.75	130.83	116.63	90.43	37.65	22.67	8.61	17.73
13-Sep-18	100.92	131.22	117.02	90.67	37.64	22.67	8.73	17.55
September 7- 13, 2018	100.76	130.77	116.96	90.65	37.58	22.69	8.71	17.60
14-Sep-18	101.18	132.63	118.32	90.65	37.63	22.61	8.71	17.51
17-Sep-18	100.96	132.24	117.82	90.10	37.69	22.58	8.59	17.68
18-Sep-18	100.84	132.52	117.82	90.03	37.86	22.69	8.74	17.57
19-Sep-18	100.80	132.64	117.94	89.82	37.95	22.66	8.74	17.58
20-Sep-18	100.79	132.44	117.63	89.85	37.94	22.65	8.75	17.58
September 14- 20, 2018	100.91	132.49	117.91	90.09	37.81	22.64	8.71	17.58

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

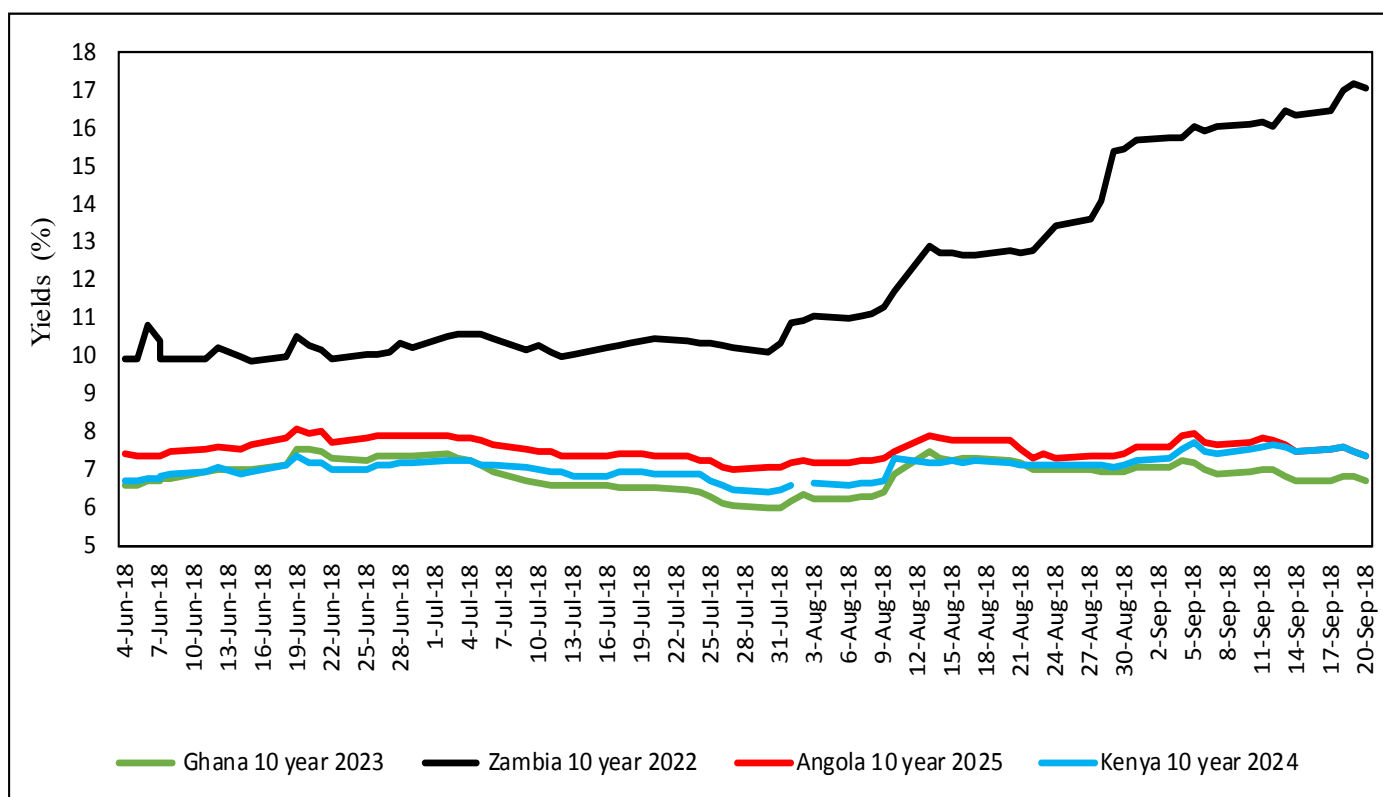
Table 3: Key Weekly Market Indicators

INDICATOR	NASI 100= 2008	NSE 25 Share Index	NSE 20 Share Index 100= 1996	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
7-Sep-18	163.71	4154.34	3099.84	1,267	15.32	409.41	2,419.29	1,237.20	5.206	7.444	8.192	9.149
10-Sep-18	162.49	4131.93	3068.58	1,202	6.70	388.18	2,401.17	2,455.21	5.269	7.548	8.232	9.146
11-Sep-18	160.8	4091.4	3045.35	1,282	9.84	285.78	2,376.22	897.16	5.201	7.598	8.374	9.311
12-Sep-18	159.95	4062.05	3019.94	1,181	10.61	263.39	2,363.54	1,370.93	5.364	7.688	8.435	9.339
13-Sep-18	157.44	4015.61	2990.02	1,197	23.95	576.37	2,326.47	1,013.81	5.358	7.633	8.399	9.325
7 Sept.-13 Sept, 2018	157.44	4015.61	2990.02	6,129	66	1,923	2326.47	6,974.31	5.358	7.633	8.399	9.325
14-Sep-18	158.13	4033.64	2993.38	1,262	38.20	1,092.86	2,336.65	1,239.32	5.356	7.556	8.294	9.216
17-Sep-18	157.57	4011.26	2969.69	1,207	17.76	321.10	2,328.35	2,601.58	5.354	7.606	8.314	9.229
18-Sep-18	157.75	4008.73	2962.01	1,376	24.30	607.35	2,330.97	1,240.22	5.352	7.661	8.436	9.339
19-Sep-18	155.86	3947.4	2929.51	1,061	15.65	409.80	2,302.97	2,371.61	5.351	7.601	8.335	9.286
20-Sep-18	148.52	3763.57	2858.46	1,308	13.56	364.04	2,194.31	2,740.35	4.629	7.403	8.15	9.049
14 Sept.-20 Sept, 2018	148.52	3763.57	2858.46	6,214	109.47	2,795.15	2,194.31	10,193.08	4.629	7.403	8.150	9.049
Weekly Change (%)	-5.67	-6.28	-4.40	1.39	64.79	45.34	-5.68	46.15	-0.729*	-0.23*	-0.249*	-0.276*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 1: Yields on 10 year Eurobonds in Selected African Countries



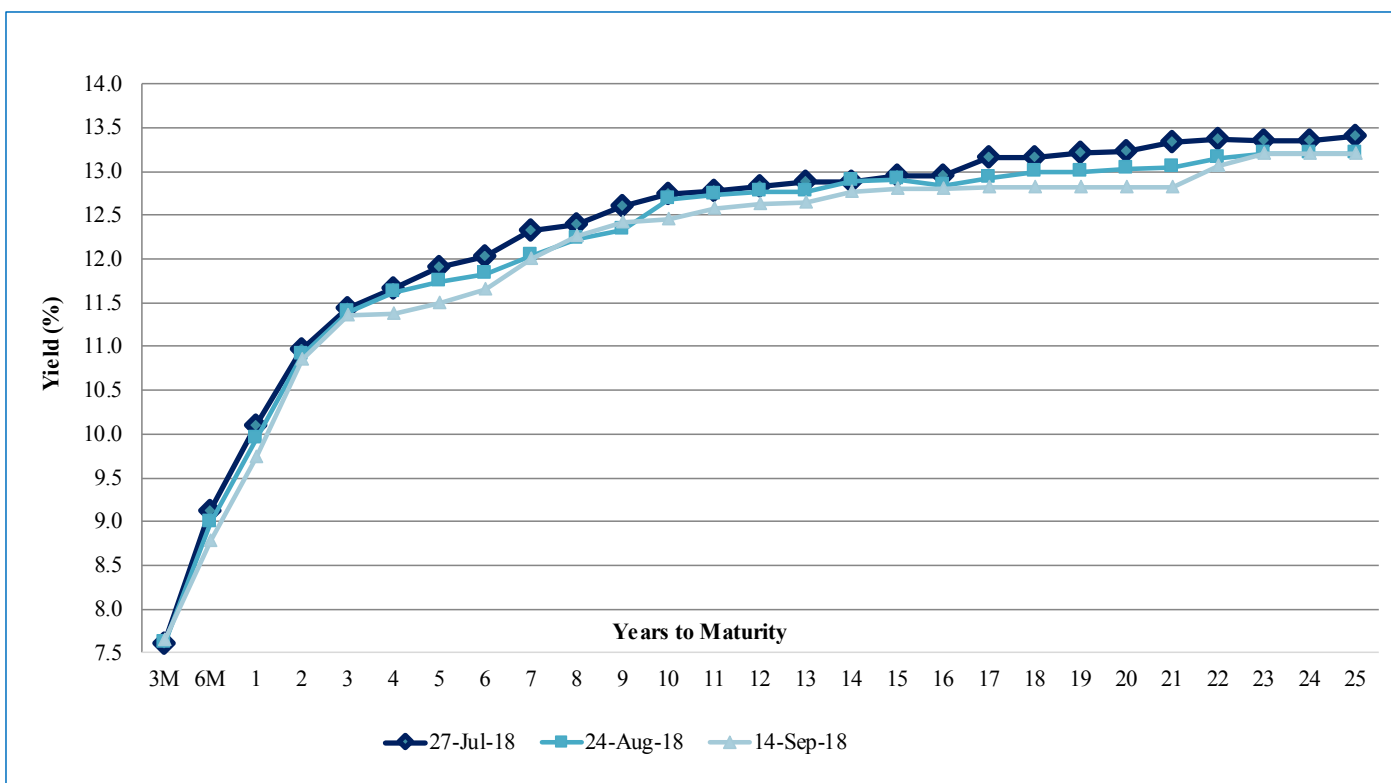
Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	25-Apr-18		23-May-18	20-Jun-18	25-Jul-18	22-Aug-18	19-Sept-18	
	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD1/2018/10	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20
Amount offered (Ksh M)	40,000.0		40,000.0	40,000.0	40,000.0	40,000.0	40,000.0	
Bids received (Ksh M)	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	29,825.3	32,466.5	
Amount Accepted (Ksh M)	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	19,362.2	21,244.6	5,308.4
Maturities (Ksh M)	0.0	0.0	0.0	26,340.1	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.317	13.327	13.078	13.451	13.371	12.686	12.665	12.931

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya and NSE

Table 5: Performance of Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	30-Aug-18	06-Sep-18	13-Sep-18	20-Sep-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	11,583.89	2,559.93	7,316.61	5,741.21
Amount Accepted (Ksh M)	11,583.89	2,559.93	7,310.13	3,931.83
Maturities (Ksh M)	7,369.50	881.25	3,622.60	5,555.00
Average interest Rate (%) - 91 Days	7.658	7.649	7.642	7.618

182-Day Treasury Bills

Date of Auction	30-Aug-18	06-Sep-18	13-Sep-18	20-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,996.34	12,615.61	17,090.86	11,157.80
Amount Accepted (Ksh M)	6,664.64	9,700.77	7,271.23	8,003.47
Maturities (Ksh M)	14,578.65	12,153.90	8,880.65	7,501.55
Average interest Rate (%) - 182 days	8.950	8.876	8.770	8.683

364-Day Treasury Bills

Date of Auction	30-Aug-18	06-Sep-18	13-Sep-18	20-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	21,693.26	20,512.59	19,066.23	12,828.05
Amount Accepted (Ksh M)	14,636.60	15,135.04	11,429.22	9,549.24
Maturities (Ksh M)	16,515.70	10,671.70	8,195.05	4,045.95
Average interest Rate (%) - 364 days	9.906	9.825	9.735	9.676

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18
1. Treasury Bills (Excluding Repos)	772.70	878.62	946.99	927.97	922.48	918.86	924.46
(As % of total securities)	33.59	36.75	38.73	38.14	37.70	37.61	37.75
2. Treasury Bonds	1,527.84	1,511.87	1,498.37	1,505.10	1,524.47	1,524.47	1,524.47
(As % of total securities)	66.41	63.25	61.27	61.86	62.30	62.39	62.25
3. Total Securities (1+2)	2,300.54	2,390.49	2,445.36	2,433.07	2,446.94	2,443.32	2,448.93
4. Overdraft at Central Bank	39.65	56.85	30.24	7.84	15.06	20.64	16.99
5. Other Domestic debt*	31.46	31.44	31.49	32.07	32.08	32.07	31.70
6. Gross Domestic Debt (3+4+5)	2,371.65	2,478.78	2,507.09	2,472.98	2,494.08	2,496.03	2,497.63

* 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)

	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18
Treasury bills (Excluding Repos)	32.6	35.4	37.8	37.5	37.0	36.8	37.0
Treasury bonds	64.4	61.0	59.8	60.9	61.1	61.1	61.0
CBK Overdraft to Govt	1.7	2.3	1.2	0.3	0.6	0.8	0.7
Other domestic debt	1.3	1.3	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)

	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18
Banking Institutions	55.3	55.2	55.7	55.1	55.2	55.2	55.5
Insurance Companies	6.4	6.2	6.1	6.2	6.2	6.1	6.1
Parastatals	6.8	7.0	7.1	7.1	7.1	7.2	7.2
Pension funds	27.1	27.1	26.6	27.2	27.1	26.9	26.7
Other investors	4.5	4.4	4.4	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: Indicators of Total Government Debt

	Jun-17	Sep-17	Dec-17	Mar-18	Apr-18	May-18	Jun-18
Domestic debt (KSh Billion)	2,111.71	2,172.84	2,220.35	2,371.65	2,415.25	2,447.58	2,478.84
Public & Publicly Guaranteed External debt (US \$ Billion)	22.1	22.4	22.8	24.9	25.5	25.3	25.3
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,310.20	2,349.28	2,512.43	2,562.18	2,573.13	2,560.20
Total public debt (KSh Billion)	4,406.11	4,483.03	4,569.63	4,884.08	4,977.43	5,020.70	5,039.03

Source: National Treasury and Central Bank of Kenya

Table 10: Official Foreign Exchange Reserves in US\$ Million (Usable)

	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18	13-Sep-18	20-Sep-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,689	8,676	8,652	8,565	8,536	8,464
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.79	5.78	5.76	5.71	5.69	5.64

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya