



Central Bank of Kenya

Weekly Bulletin

August 30, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending August 29. It exchanged at KSh 103.48 per US Dollar on August 29, compared to KSh 102.96 on August 22 (Figure 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,252 million (5.78 months of import cover) as at August 29. 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 (Figure 2).

Money Market

The money market remained liquid during the week ending August 29, supported by Government payments and net redemption of government securities, which offset tax payments. The open market operations remained active. Commercial banks' excess reserves stood at KSh 13.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate rose to 4.73 percent on August 29 from 3.49 percent on August 22, while the average number of interbank deals per day increased to 25 from 22 in the previous week. The value traded decreased to KSh 11.3 billion from KSh 14.9 billion in the previous week (Figure 3).

Government Securities Market

The Treasury bills auctions of August 29 received bids totalling KSh 18.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 78.4 percent. Interest rates on the 91-day and 182-day Treasury bills declined slightly while that on the 364-day Treasury bills increased (Figure 4).

Equity Market

The NASI, NSE 25 and NSE 20 share price indices declined by 1.5 percent, 0.8 percent and 0.9 percent, respectively during the week ending August 29. Similarly, Market capitalization, equity turnover and shares traded decreased by 2.9 percent, 66.5 percent, 68.4 percent respectively (Figure 6).

Bond Market

Trading activity in the domestic secondary bond market improved by 40.2 percent during the week ending August 29. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028) and 12-year Eurobonds increased by 13.9, 6.2, 14.3 and 15.4 basis points, respectively. However, the yield for the 30-year Eurobond declined by 11.1 basis points (Table 6). Yields on 10-year Eurobonds for Ghana and Angola edged up (Chart 2).

Derivatives Market

The total number of futures contracts settled on the NSE Derivatives Market (NEXT) during the week ending August 29, was 12 valued at KSh 0.3 million, compared to 16 contracts valued at KSh 0.8 million in the previous week.

Current Account

Preliminary data shows that the current account deficit narrowed to 4.2 percent of GDP in the 12 months to July 2019 from 5.0 percent in December 2018. This reflects resilient performance of exports of horticulture, strong growth in diaspora remittances, higher receipts from tourism and transport services and slower growth of imports (Chart 3).

Global Trends

Uncertainties in the global financial markets increased during the week following the imposition of an additional 5 percent tariff on Chinese imports by the US starting September 1 and retaliatory tariff by China on USD75 billion worth of imports from the US. In the UK, the possibility of a no-deal Brexit increased following the expected suspension of the UK Parliament for five weeks in September and October.

International oil prices remained stable during the week. Murban oil prices declined marginally to US\$ 61.17 per barrel on August 29 from US\$ 61.94 per barrel on August 22.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
16-Aug-19	103.33	125.30	115.12	97.36	35.78	22.28	8.88	17.84
19-Aug-19	103.38	125.75	114.66	97.17	35.74	22.24	8.88	17.83
20-Aug-19	103.29	125.18	114.67	96.93	35.77	22.26	8.89	17.85
21-Aug-19	102.97	124.55	114.12	96.94	35.84	22.35	8.92	17.90
22-Aug-19	102.96	124.94	114.26	96.75	35.84	22.33	8.92	17.91
August 16-22	103.19	125.14	114.57	97.03	35.79	22.29	8.90	17.87
23-Aug-19	103.06	125.83	114.28	96.73	35.81	22.31	8.92	17.98
26-Aug-19	103.32	126.43	114.88	97.41	35.71	22.25	8.89	17.85
27-Aug-19	103.18	126.35	114.22	96.94	35.71	22.28	8.77	17.96
28-Aug-19	103.45	127.07	114.89	97.73	35.66	22.22	8.88	17.83
29-Aug-19	103.48	126.37	114.68	97.70	35.63	22.22	8.88	17.82
August 23-29	103.30	126.41	114.59	97.30	35.71	22.26	8.87	17.89

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	25-Jul-19	01-Aug-19	08-Aug-19	15-Aug-19	22-Aug-19	29-Aug-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,568	9,490	9,405	9,393	9,386	9,252
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.01	6.04	5.98	5.87	5.87	5.78

*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 (%)
16-Aug-19	17	10,475	3.33
19-Aug-19	18	11,275	3.30
20-Aug-19	23	15,975	3.17
21-Aug-19	25	15,995	3.32
22-Aug-19	28	21,000	3.49
August 16-22,	22	14,944	3.32
23-Aug-19	25	8,550	3.67
26-Aug-19	22	10,450	4.23
27-Aug-19	23	10,110	4.41
28-Aug-19	29	11,600	4.60
29-Aug-19	26	15,550	4.73
August 23-29, 2019	25	11,252	4.33

Source :Central Bank of Kenya

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

Date of Auction	25-Jul-19	08-Aug-19	15-Aug-19	22-Aug-19	29-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)	8,072.05	4,148.92	2,753.24	5,179.38	5,318.73
Amount Accepted (Ksh M)	5,125.66	3,170.13	2,753.24	5,179.38	5,318.73
Maturities (Ksh M)	7,561.00	3,580.70	1,994.85	5,922.40	2,370.60
Average interest Rate (%)	6.592	6.449	6.355	6.398	6.385

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)	2,720.01	6,385.27	2,939.24	1,224.67	4,821.89
Amount Accepted (Ksh M)	2,720.01	5,428.17	2,939.24	1,195.99	4,821.89
Maturities (Ksh M)	3,248.15	9,314.35	10,104.20	10,348.95	8,025.60
Average interest Rate (%)	7.365	7.154	7.052	7.020	7.011

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)	16,446.47	18,947.62	15,149.39	10,785.33	8,683.06
Amount Accepted (Ksh M)	16,423.62	18,032.36	15,071.40	8,959.73	7,769.72
Maturities (Ksh M)	14,534.60	11,676.30	11,090.90	15,128.20	16,078.65
Average interest Rate (%)	8.988	9.152	9.195	9.248	9.392

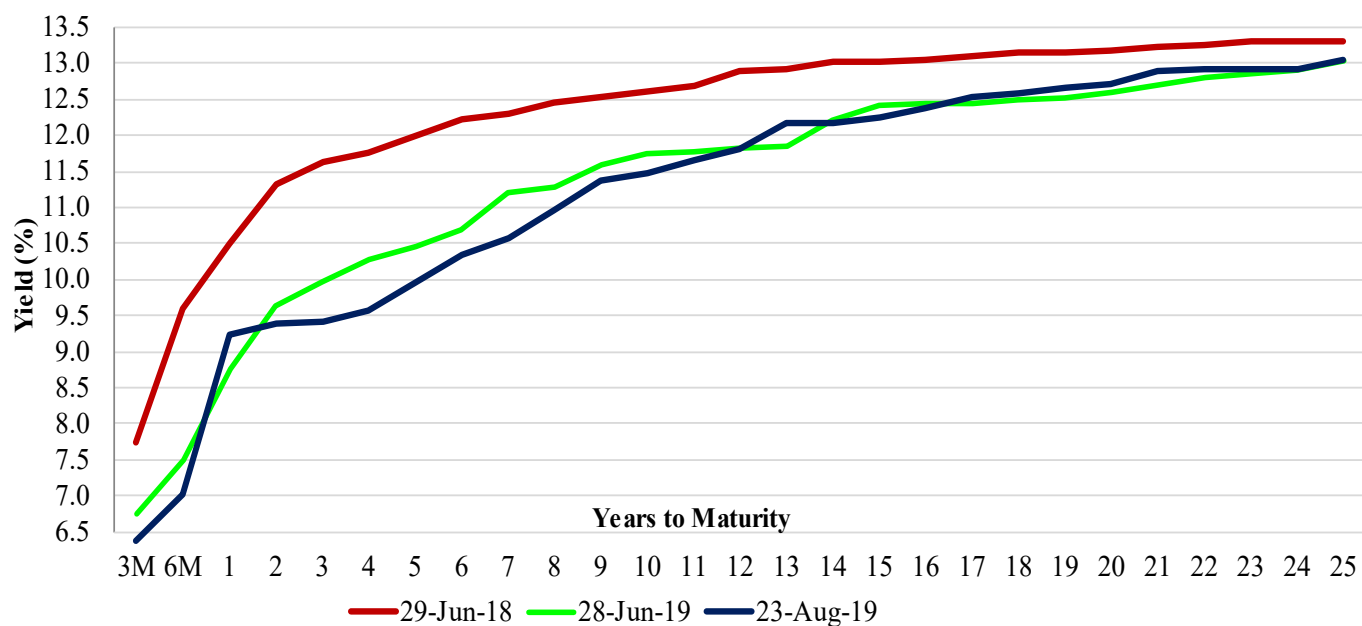
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	13-Jun-19		24-Jul-19	14-Aug-19	
	REOPEN				
Tenor	FXD 1/2012/15	FXD 1/ 2018/15	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20
Amount offered (Ksh M)	40,000.00		40,000.00	50,000.00	
Bids received (Ksh M)	85,615.66		86,674.56	67,441.35	
Amount Accepted (Ksh M)	21,211.35	17,727.97	50,578.30	45,014.80	14,671.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	11.59	12.46	12.34	11.52	12.74

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

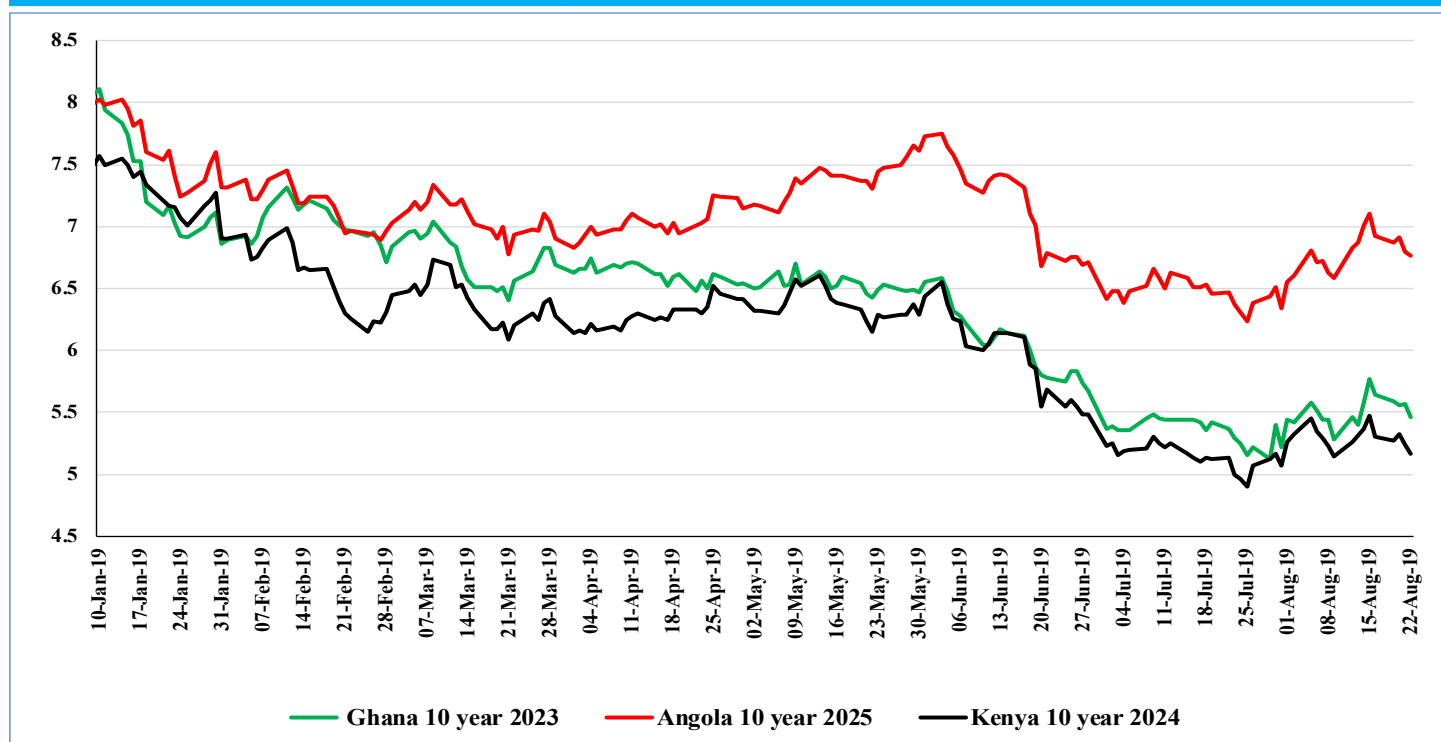
Table 6: Key Weekly Market Indicators

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 (%)
16-Aug-19	151.40	3,597.77	2,539.95	948.00	28.09	847.45	2,314.13	836.79	6.398	5.304	6.910	7.511	8.181
19-Aug-19	151.92	3,593.33	2,518.30	995.00	21.42	539.72	2,322.13	903.04	6.276	5.273	6.819	7.417	8.121
20-Aug-19	151.14	3,574.49	2,501.18	1,094.00	51.13	1,117.42	2,310.14	1,668.14	6.324	5.324	6.877	7.432	8.151
21-Aug-19	150.56	3,563.43	2,488.31	925.00	21.01	263.87	2,301.30	1,303.08	6.216	5.244	6.742	7.323	8.036
22-Aug-19	150.29	3,565.77	2,491.97	974.00	34.55	980.67	2,297.06	1,314.45	6.101	5.162	6.624	7.199	7.956
August 16-22	150.29	3565.77	2491.97	4,936.00	156.20	3,749.14	2,297.06	6,025.50	6.101	5.162	6.624	7.199	7.956
16-Aug-19	151.40	3,597.77	2,539.95	948.00	28.09	847.45	2,314.13	836.79	6.398	5.304	6.910	7.511	8.181
19-Aug-19	151.92	3,593.33	2,518.30	995.00	21.42	539.72	2,322.13	903.04	6.276	5.273	6.819	7.417	8.121
20-Aug-19	151.14	3,574.49	2,501.18	1,094.00	51.13	1,117.42	2,310.14	1,668.14	6.324	5.324	6.877	7.432	8.151
21-Aug-19	150.56	3,563.43	2,488.31	925.00	21.01	263.87	2,301.30	1,303.08	6.216	5.244	6.742	7.323	8.036
22-Aug-19	150.29	3,565.77	2,491.97	974.00	34.55	980.67	2,297.06	1,314.45	6.101	5.162	6.624	7.199	7.956
August 16-22	150.29	3565.77	2491.97	4,936.00	156.20	3,749.14	2,297.06	6,025.50	6.101	5.162	6.624	7.199	7.956
Weekly Changes (%)	0.37	-0.35	-1.87	52.77	145.94	74.27	0.37	-17.42	(0.419)*	(0.314)*	(0.428)*	(0.488)*	(0.398)*

*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)

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	16-Aug-19	23-Aug-19
1. Treasury Bills (Excluding Repos)	904.10	949.66	954.25	952.98	964.15	963.09
(As % of total securities)	36.90	36.04	35.31	35.28	34.90	34.33
2. Treasury Bonds	1,546.29	1,685.02	1,748.15	1,748.15	1,798.70	1,842.38
(As % of total securities)	63.10	63.96	64.69	64.72	65.10	65.67
3. Total Securities (1+2)	2,450.39	2,634.67	2,702.40	2,701.13	2,762.85	2,805.47
4. Overdraft at Central Bank	45.86	36.90	57.33	64.52	58.60	61.19
5. Other Domestic debt*	31.61	31.37	25.76	25.76	25.45	25.46
6. Gross Domestic Debt (3+4+5)	2,527.86	2,702.93	2,785.48	2,791.42	2,846.91	2,892.11

* 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)

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	16-Aug-19	23-Aug-19
Treasury bills (Excluding Repos)	35.77	35.12	34.26	34.13	33.86	33.30
Treasury bonds	61.17	62.34	62.78	62.63	63.18	63.71
CBK Overdraft to Government	1.81	1.36	2.06	2.31	2.06	2.12
Other domestic debt	1.25	1.18	0.91	0.92	0.90	0.88
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	29-Mar-19	28-Jun-19	12-Jul-19	26-Jul-19	16-Aug-19	23-Aug-19
Banking Institutions	54.88	54.37	54.12	54.57	54.04	54.24
Insurance Companies	6.16	6.13	6.12	6.11	6.15	6.15
Parastatals	7.10	6.98	7.02	7.00	7.08	7.06
Pension funds	27.49	28.24	28.46	28.05	28.49	28.33
Other investors	4.37	4.28	4.28	4.27	4.24	4.22
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

	Sep-18	Dec-18	Mar-19	Apr-19	May-19	Jun-19
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
Total public debt (KSh Billion)	5,146.04	5,272.50	5,420.68	5,584.16	5,607.91	5,809.08

Source: National Treasury and Central Bank of Kenya