



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

October 5, 2018

Interbank Market

Activity in the interbank market increased during the week ending October 3, 2018, partly reflecting tight liquidity conditions at the beginning of the week on account of tax remittances by banks. However, liquidity conditions improved thereafter supported by increased Government payments. As a result, the average interbank rate increased to 6.0 percent on September 28, 2018 from 5.7 percent on September 27, 2018, but later declined steadily to 4.2 percent on October 3, 2018. Similarly, the interbank volumes traded decreased from KSh 20.2 billion on September 27, 2018 to KSh 10.7 billion on October 3, 2018, while the number of interbank deals decreased from 27 to 23 (**Table 1**).

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 4, 2018. The Shilling weakened marginally against the US Dollar, but strengthened against the Japanese Yen, the Pound Sterling and the Euro. In the EAC region, the Kenya Shilling strengthened against Tanzania Shilling and the Burundi Franc, but weakened against the Uganda Shilling and the Rwanda Franc (**Table 2**).

Government Securities Market

The performance of the Government securities market improved during the week ending October 4, 2018 with the Treasury bills auction for the week achieving a subscription rate of 120.8 percent compared to 85.9 percent in the previous week. The improvement was due to improved liquidity conditions in the market. The auction received bids totaling KSh 29.0 billion against an advertised amount of KSh 24.0 billion. The 91-day tenure and the 182-day tenure recorded subscriptions of 98.5

percent and 65.4 percent, respectively. The 364-day tenure proved popular with a subscription rate of 185.3 percent. All T-bill rates declined slightly across the three tenures. (**Table 5**).

Equity Market

Trading at the NSE maintained a downward trend in the week ending October 4, 2018, with all market indicators recording declines over the previous week's levels. The declines were however marginal, which may signal relative stability. The decline reflects trends in the global equities markets as investors shift to bond markets in expectation for a further hike in the U.S. interest rates on strong jobs and economic data (**Table 3**).

Bond Market

The bond market recorded a 0.3 percent increase in the volume traded in the week ending October 4, 2018. This was partly attributed to increasing investors' appetite for fixed income, viewed as safer assets, consistent with trends in global markets. Average yields on Kenya's 5-year, 10-year Eurobond (2024), 10-year (2028) and 30-year Eurobonds fell in the week ending October 4, 2018 (**Table 3**). Yields on the 10-year Eurobonds of four selected African countries edged up, consistent with global trends in the bond markets, in the week under review (**Chart 1**).

Global Financial Markets

Activity in the global equities markets declined in the week ending October 4, 2018 as indicated by all leading stock indices. The U.S. stocks indices; Standard & Poor 500 SPX, Dow Jones Industrial Average (DJIA), and NASDAQ Composite Index closed October 4, 2018 at 0.8 percent, 0.8 percent and 1.8 percent lower than the previous week,

respectively. This is on account of strong economic growth prospects and unemployment benefits claims in the US falling to a 49-year low of 207,000 in September 2018.

In Europe, the FTSE 100 for UK closed at 7445.9 points down on October 4, 2018 from 7539.1 points on September 27, 2018. Other major European stock markets including Germany and France declined. The Emerging markets ended the week weaker compared to the previous week on account of stronger U.S. Dollar and economic conditions in the U.S. The (MSCI-EM) closed the Week ending October 4, 2018 at 1009.3 down from 1051.3 points the previous week. All stock indices in Japan, China, Hong Kong and South Korea also closed the week lower.

The U.S. 10-year Treasury note yield rose to 3.2 percent, its highest since July 2011, marking its largest one-day yield rise since March 1, 2018 of 10.3 basis points. The 30-year bond yield rose by 11.3 basis points to 3.3 percent, its strongest since September 2014.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
20-Sep-18	17	6,475	3.55
21-Sep-18	19	9,515	3.84
24-Sep-18	16	10,900	4.23
25-Sep-18	22	14,850	4.89
26-Sep-18	25	14,765	5.43
September 20- 26, 2018	20	11,301	4.39
27-Sep-18	27	20,175	5.74
28-Sep-18	24	17,030	5.99
1-Oct-18	18	11,050	5.41
2-Oct-18	22	12,350	4.48
3-Oct-18	23	10,650	4.22
September 27- October 3, 2018	23	14,251	5.17

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*
21-Sep-18	100.80	133.45	118.37	89.85	37.93	22.66	8.75	17.72
24-Sep-18	100.86	132.09	118.43	89.59	37.80	22.69	8.74	17.57
25-Sep-18	100.98	132.80	119.14	89.73	37.78	22.62	8.73	17.55
26-Sep-18	101.06	132.87	119.02	89.54	37.83	22.61	8.73	17.54
27-Sep-18	100.91	132.95	118.51	89.41	37.88	22.68	8.74	17.56
September 21- 27, 2018	100.92	132.83	118.69	89.62	37.84	22.65	8.74	17.59
28-Sep-18	100.96	132.49	117.88	89.29	37.87	22.67	8.61	17.71
1-Oct-18	100.90	131.31	116.81	88.92	37.91	22.68	8.77	17.57
2-Oct-18	100.92	131.84	117.08	88.56	37.90	22.68	8.77	17.58
3-Oct-18	100.95	130.87	116.48	88.76	37.89	22.67	8.77	17.57
4-Oct-18	100.97	131.22	116.53	88.67	37.49	22.63	8.61	17.71
September 28- October 4, 2018	100.94	131.55	116.96	88.84	37.81	22.67	8.71	17.63

* Units of currency per Kenya Shilling

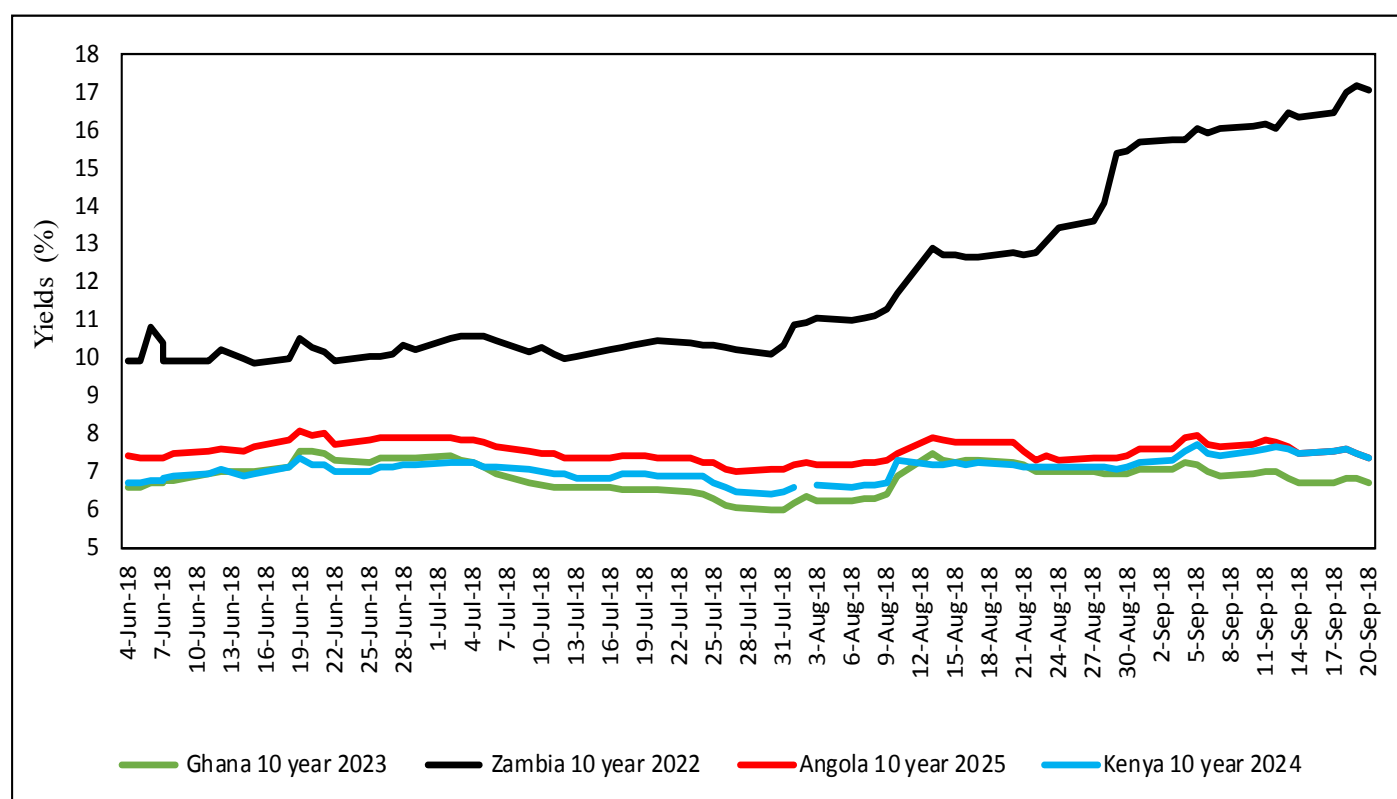
Source :Central Bank of Kenya

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 (%)
21-Sep-18	145.49	3704.55	2832.48	1,316	32.43	1,040.93	2,149	1,125.90	4.761	7.386	8.086	9.019
24-Sep-08	149.35	3787.33	2873.04	1,500	41.90	1,175.26	2,207	534.40	4.62	7.277	8.015	8.99
25-Sep-08	149.05	3797.99	2873.03	1,266	18.64	617.79	2,202	1,412.41	4.649	7.217	7.936	8.9
26-Sep-08	150.1	3835.46	2889.24	1,321	23.06	967.13	2,218	2,851.43	4.473	6.968	7.756	8.689
27-Sep-08	150.6	3850.13	2891.4	1,498	25.02	729.82	2,225	3,118.00	4.457	6.819	7.616	8.521
Sept 21-27, 2018	150.60	3850.13	2891.40	6,901	141.05	4,530.93	2,225.13	9,042.13	4.457	6.819	7.616	8.521
28-Sep-18	149.67	3,819.15	2,875.51	1,393	18.11	644.69	2,211	3,289.18	4.627	6.861	7.649	8.589
1-Oct-18	148.98	3,812.28	2,883.98	714	5.51	130.42	2,201	2,596.85	4.517	6.958	7.683	8.645
2-Oct-18	149.24	3,803.22	2,854.32	1,504	32.64	1,484.26	2,205	2,326.45	4.653	7.033	7.8	8.723
3-Oct-18	149.4	3800.51	2861.39	1,127	16.23	469.81	2,207	1,334.23	4.507	7.072	7.78	8.686
4-Oct-18	150.52	3814.7	2876.85	1,293	31.61	866.89	2,224	3,900.69	4.874	7.125	7.937	8.869
Sept 28-Oct 4, 2018	150.52	3814.70	2876.85	6,031	104.10	3,596.07	2,223.89	13,447.40	4.874	7.125	7.937	8.869
Weekly Change (%)	-0.001	-0.009	-0.005	-0.144	-0.355	-0.260	-0.001	0.328	0.42*	0.31*	0.321*	0.348*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

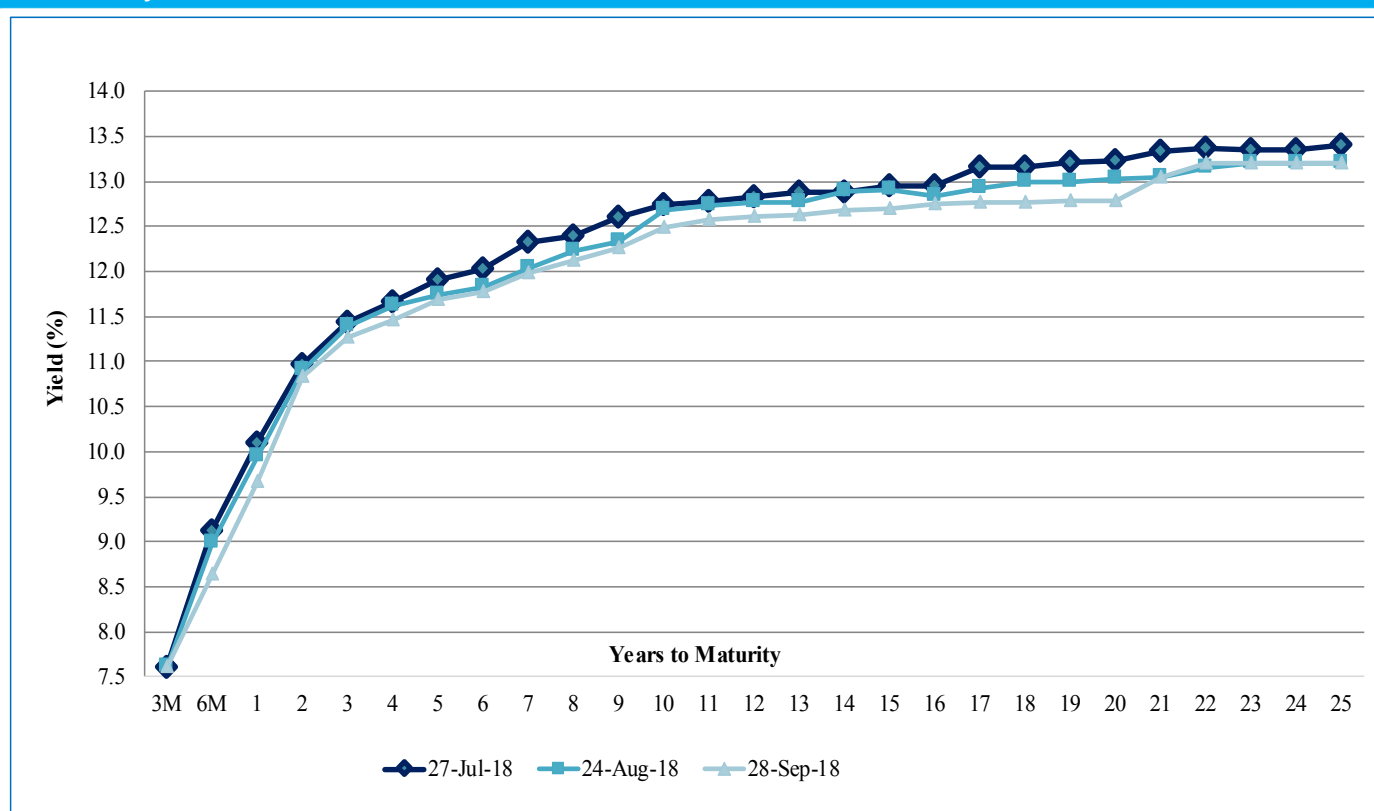
Chart 1: Yields on 10 year Eurobonds in Selected African Countries

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	
Tenor	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	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	7,316.61	5,741.21	5,096.36	3,940.97
Amount Accepted (Ksh M)	7,310.13	3,931.83	5,061.43	3,939.11
Maturities (Ksh M)	3,622.60	5,555.00	3,629.35	744.50
Average interest Rate (%) - 91 Days	7.642	7.618	7.609	7.600

182-Day Treasury Bills

Date of Auction	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	17,090.86	11,157.80	5,086.11	6,537.52
Amount Accepted (Ksh M)	7,271.23	8,003.47	5,056.99	4,395.14
Maturities (Ksh M)	8,880.65	7,501.55	3,905.45	7,376.25
Average interest Rate (%) - 182 days	8.770	8.683	8.646	8.590

364-Day Treasury Bills

Date of Auction	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	19,066.23	12,828.05	10,429.49	18,529.98
Amount Accepted (Ksh M)	11,429.22	9,549.24	9,417.98	15,110.96
Maturities (Ksh M)	8,195.05	4,045.95	3,804.75	7,434.10
Average interest Rate (%) - 364 days	9.735	9.676	9.670	9.638

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18
1. Treasury Bills (Excluding Repos)	946.99	927.97	922.48	918.86	924.46	931.33	867.51
(As % of total securities)	38.73	38.14	37.70	37.61	37.75	38.27	37.14
2. Treasury Bonds	1,498.37	1,505.10	1,524.47	1,524.47	1,524.47	1,502.34	1,468.50
(As % of total securities)	61.27	61.86	62.30	62.39	62.25	61.73	62.86
3. Total Securities (1+2)	2,445.36	2,433.07	2,446.94	2,443.32	2,448.93	2,433.67	2,336.00
4. Overdraft at Central Bank	30.24	7.84	15.06	20.64	16.99	33.82	36.29
5. Other Domestic debt*	31.49	32.07	32.08	32.07	31.70	31.70	168.54
6. Gross Domestic Debt (3+4+5)	2,507.09	2,472.98	2,494.08	2,496.03	2,497.63	2,499.19	2,540.83

* 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)

	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18
Treasury bills (Excluding Repos)	37.8	37.5	37.0	36.8	37.0	37.3	34.1
Treasury bonds	59.8	60.9	61.1	61.1	61.0	60.1	57.8
CBK Overdraft to Govt	1.2	0.3	0.6	0.8	0.7	1.4	1.4
Other domestic debt	1.3	1.3	1.3	1.3	1.3	1.3	6.6
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)

	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18
Banking Institutions	55.7	55.1	55.2	55.2	55.5	55.4	55.0
Insurance Companies	6.1	6.2	6.2	6.1	6.1	6.1	6.1
Parastatals	7.1	7.1	7.1	7.2	7.2	7.3	7.3
Pension funds	26.6	27.2	27.1	26.9	26.7	26.6	27.1
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 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)

	30-Aug-18	06-Sep-18	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,652	8,565	8,536	8,464	8,436	8,459
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.76	5.71	5.69	5.64	5.58	5.60

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya