



Central Bank of Kenya

# Weekly Statistical Bulletin

## Key Monetary and Financial Indicators

October 19, 2017

*Following the end of the CRR Cycle, there was reduced activity in the interbank market during the week ending October 18, 2017, with both the value of transactions and the average interbank interest rate declining.*

*The capital markets maintained a downward trend throughout the week, reflecting investors' response to political uncertainties surrounding presidential elections in the week ending October 18, 2017.*

### Monetary Policy Operations

Liquidity conditions though still relatively tight had improved in the week ending October 18, 2017. The main driver of this improvement was net redemption of government securities which resulted in a liquidity injection of KSh12.9 billion. Furthermore, Government payments of KSh 18.6 billion had a marginal contribution to liquidity as it was partly offset by tax remittances of KSh 17.4 billion. Central Bank's Reverse Repo purchases of KSh 17.9 billion were also offset by Reverse Repo Maturities of KSh 19.9 billion (Table 1).

Due to the tight liquidity conditions at the beginning of the CRR cycle which started on October 15, 2017, the commercial banks' excess reserves above 5.25 percent averaging requirement had a short fall of KSh 1.5 billion (Chart 1).

### The Interbank Market

The weighted average interbank rate declined to 6.80 percent in the week ending October 18, 2017 from 8.05 percent in the previous week. The volumes transacted also decreased to an average of KSh 26.1 billion from KSh 30.7 billion the previous week. The decrease in the weighted average interest rate as well as the volumes transacted can be attributed to the fact that part of the week ending October 18, 2017 coincided with the beginning of the new CRR cycle and, therefore, most banks did not borrow aggressively to fund their CRR positions (Table 2 and Chart 2).

### Kenya Shilling Exchange Rate.

The Kenya Shilling exchange rate weakened against major international currencies during the week ending

October 19, 2017. The performance of the Kenya Shilling reflected increased corporate demand for foreign exchange during the review period. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling and the Burundi Franc but weakened marginally against the Tanzania Shilling and the Rwanda Franc. (Table 3).

### Equity Market

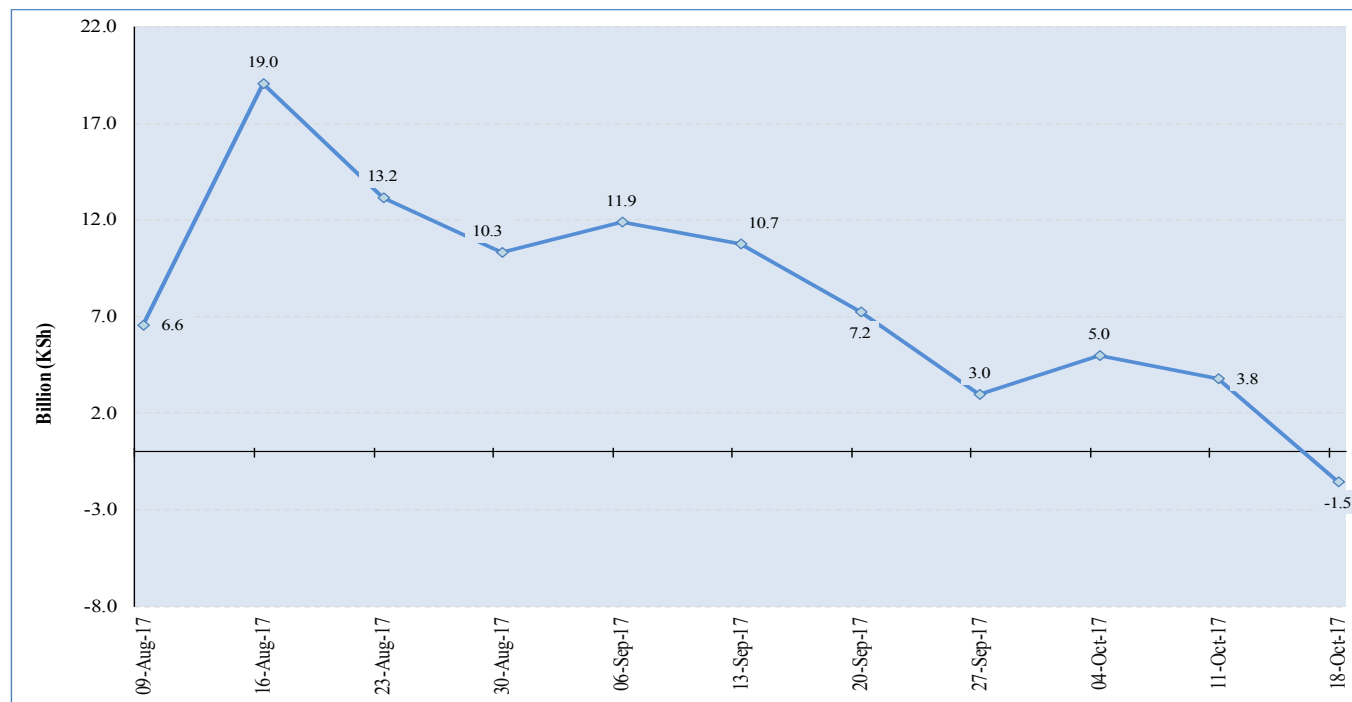
The equities market recorded losses across all share price indices and market capitalization but gained on equity turnover following significant increase in the volume of shares traded. This signals investors offloading their stocks despite decline in prices to cut further losses. Investors lost unrealized wealth amounting to KSh 40.05 billion or 1.54 per cent in the week (Table 4).

### Bond Market and Eurobond Yields

The volume of Bonds traded reduced by 36.89 per cent in the week ending October 18, 2017 with equivalent deals transacted down to 184 from 267 in the previous week. A similar weak performance was noted in the Treasury bills and bonds primary auctions. Auctions of 91, 182 and 364 days Treasury bills dated October 16, 2017 were subscribed at 42.74 per cent against total amount offered of KSh 24 billion. Treasury bond offered amounting to KSh 30 billion received subscriptions of 66.92 percent. The yields on Kenya's 5-year and 10-year Eurobonds declined, reflecting market conditions and improved investor appetite (Table 4).

## LIST OF TABLES AND CHARTS

### Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

### Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	12-Oct-17	13-Oct-17	16-Oct-17	17-Oct-17	18-Oct-17	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection <sup>1</sup></b>	<b>3.3</b>	<b>10.9</b>	<b>32.8</b>	<b>5.2</b>	<b>7.0</b>	<b>59.3</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.4	8.3	8.3	0.0	1.0	17.9
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	8.5	0.0	0.0	8.5
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	9.3	0.0	0.0	9.3
T/bonds Interest	0.0	0.0	4.8	0.0	0.0	4.8
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	2.9	2.7	1.8	5.2	6.1	18.6
<b>Total liquidity reduction <sup>1</sup></b>	<b>4.8</b>	<b>17.8</b>	<b>20.0</b>	<b>2.4</b>	<b>3.5</b>	<b>48.4</b>
T/bills (Primary issues)	0.0	0.0	9.8	0.0	0.0	9.8
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.4	12.5	6.7	0.4	0.0	19.9
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	4.2	5.3	2.4	2.0	3.4	17.4
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-1.5</b>	<b>-6.9</b>	<b>12.9</b>	<b>2.8</b>	<b>3.6</b>	<b>10.8</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Realised Amount - Mop up</b>	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Reserve Money Position</b>						
Reserve money (actual)	401.4	393.2	406.2	407.6	410.3	

<sup>1</sup> Only main transactions increasing or reducing liquidity are included.

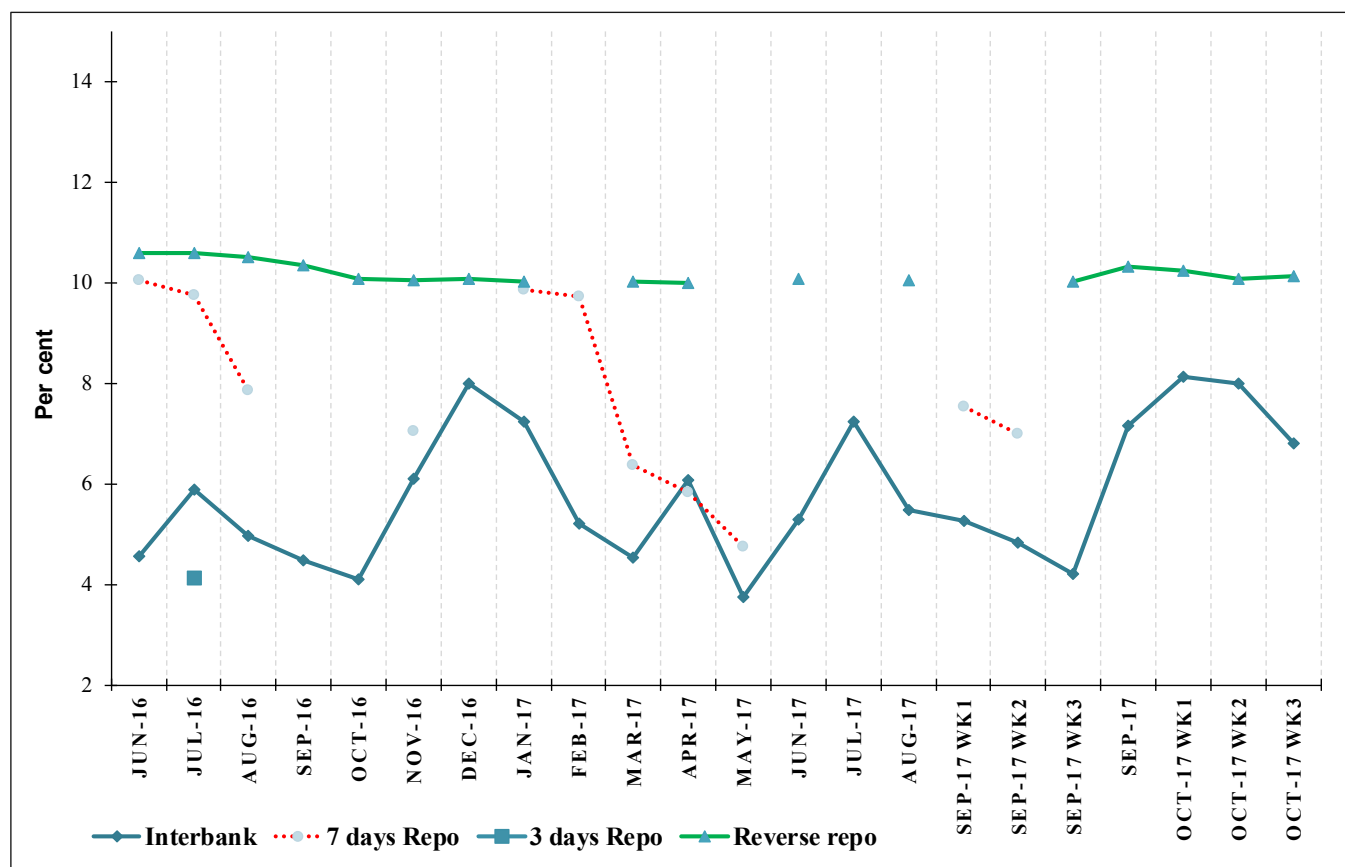
Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
5-Oct-17	48	26,865	8.23	-
6-Oct-17	53	30,510	8.12	10.22
9-Oct-17	54	29,630	8.00	10.00
10-Oct-17	49	33,570	7.89	10.04
11-Oct-17	52	33,056	7.80	10.01
<b>Oct 05-Oct 11 , 2017</b>	<b>51</b>	<b>30,726</b>	<b>8.01</b>	<b>10.07</b>
12-Oct-17	48	34,685	7.25	10.05
13-Oct-17	53	24,400	6.25	10.08
16-Oct-17	54	22,175	6.55	10.07
17-Oct-17	49	21,710	6.89	-
18-Oct-17	52	27,755	7.05	10.30
<b>Oct 12-Oct 18 , 2017</b>	<b>51</b>	<b>26,145</b>	<b>6.80</b>	<b>10.12</b>

Source: Central Bank of Kenya

Chart 2: Structure of Interest Rates



Source: Central Bank of Kenya

**Table 3: Kenya Shilling Exchange Rate**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
6-Oct-17	103.21	135.56	121.01	91.64	34.98	21.75	8.20	16.86
9-Oct-17	103.23	134.57	120.71	91.03	35.12	21.74	8.17	16.96
10-Oct-17	103.27	135.72	121.15	91.63	35.05	21.74	8.07	16.95
11-Oct-17	103.23	136.13	121.79	92.01	35.17	21.75	8.08	16.97
12-Oct-17	103.30	136.33	122.37	92.03	35.24	21.73	8.07	16.95
<b>6-12 October 2017</b>	<b>103.25</b>	<b>135.66</b>	<b>121.41</b>	<b>91.67</b>	<b>35.11</b>	<b>21.74</b>	<b>8.12</b>	<b>16.94</b>
13-Oct-17	103.28	135.84	122.35	91.98	35.15	21.74	8.08	16.96
16-Oct-17	103.28	137.56	122.56	92.37	35.25	21.74	8.08	16.96
17-Oct-17	103.30	137.21	121.89	92.48	35.34	21.73	8.08	16.96
18-Oct-17	103.36	136.17	121.40	91.96	35.44	21.72	8.07	16.96
19-Oct-17	103.42	136.19	121.72	91.65	35.39	21.71	8.07	16.95
<b>13-19 October 2017</b>	<b>103.33</b>	<b>136.59</b>	<b>121.98</b>	<b>92.09</b>	<b>35.31</b>	<b>21.73</b>	<b>8.08</b>	<b>16.96</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 4: Key Weekly Market Statistics**

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 Eurobond Yield (%)	10-Year Eurobond Yield (%)
6-Oct-17	160.71	4,212.63	3,693.22	930.00	10.34	229.47	2,354.63	2,114.96	4.256	6.311
9-Oct-17	161.03	4,195.88	3,712.37	961.00	16.99	490.00	2,359.26	1,894.65		
10-Oct-17	160.85	4,187.46	3,696.77	909.00	8.45	212.99	2,356.72	775.95	4.178	6.328
11-Oct-17	159.78	4,143.75	3,644.80	1,216.00	20.04	809.21	2,340.97	1,187.81	4.175	6.396
12-Oct-17	159.10	4,137.41	3,640.14	903.00	12.16	259.84	2,330.96	619.45	4.243	6.415
<b>6 Oct-12 Oct 2017</b>	<b>159.10</b>	<b>4,137.41</b>	<b>3,640.14</b>	<b>4,919.00</b>	<b>67.98</b>	<b>2,001.50</b>	<b>2,330.96</b>	<b>6,592.82</b>	<b>4.243</b>	<b>6.415</b>
13-Oct-17	159.25	4,121.96	3,626.62	931.00	25.47	846.83	2,333.21	813.90	4.165	6.407
16-Oct-17	158.52	4,116.47	3,623.76	844.00	7.24	201.36	2,322.52	1,564.72	4.238	6.392
17-Oct-17	157.44	4,093.28	3,597.85	1,071.00	29.12	826.77	2,306.56	1,293.38	4.160	6.392
18-Oct-17	156.66	4,080.25	3,591.62	983.00	20.92	496.05	2,295.12	488.53	4.004	6.342
<b>13 Oct-18 Oct 2017</b>	<b>156.66</b>	<b>4,080.25</b>	<b>3,591.62</b>	<b>3,829.00</b>	<b>82.76</b>	<b>2,371.01</b>	<b>2,295.12</b>	<b>4,160.53</b>	<b>4.004</b>	<b>6.342</b>
Weekly Change (%)	(1.53)	(1.38)	(1.33)	(22.16)	21.73	18.46	(1.54)	(36.89)	*-0.239	*-0.073

\* Percentage points

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

**Table 5: Performance of Government Securities**

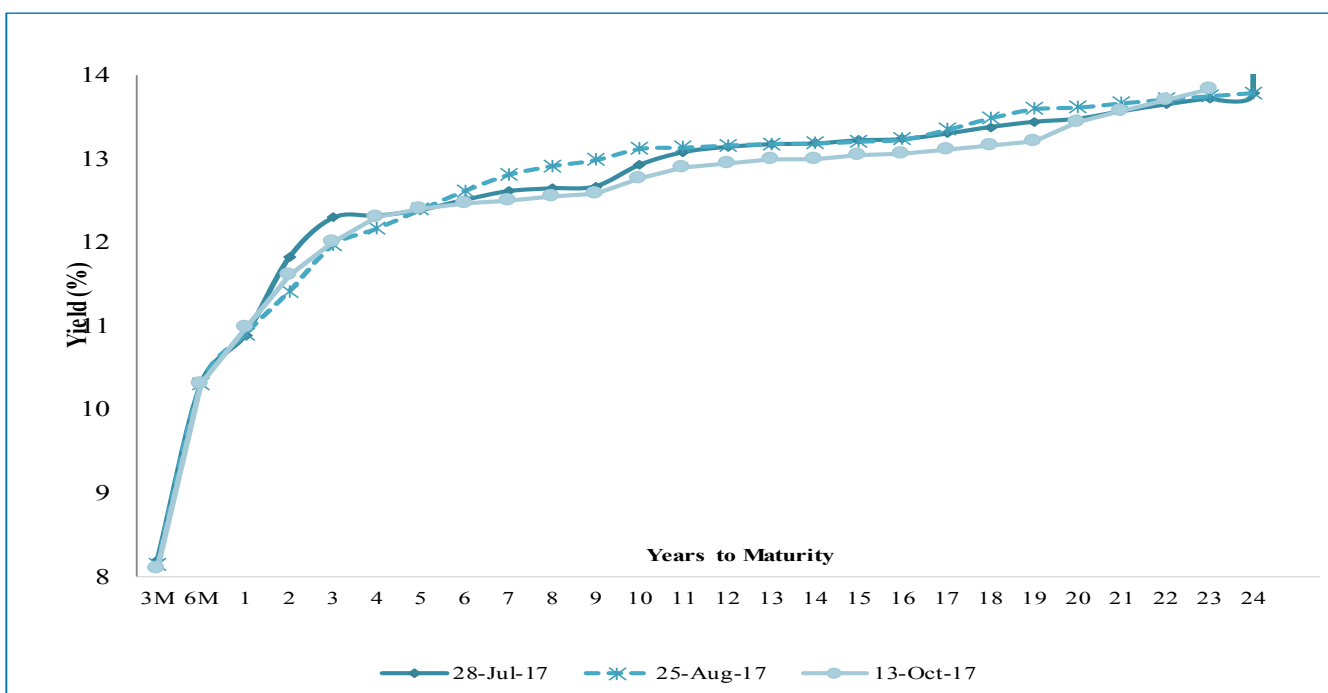
TREASURY BILLS								
91-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	964.01	2,773.01	4,042.20	4,121.97	2,580.50	4,023.90	4,873.66	2,534.29
Amount Accepted (Ksh M)	857.46	1,577.59	3,996.05	3,521.74	2,580.50	4,023.90	4,336.04	2,534.29
Maturities (Ksh M)	11,427.00	3,167.80	14,028.70	10,251.80	3,386.80	2,296.35	4,293.85	2,223.95
Average interest Rate (%) - 91 Days	8.202	8.139	8.130	8.134	8.129	8.130	8.129	8.097
182-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,751.78	14,540.81	22,672.85	9,548.96	3,528.61	5,262.62	2,223.64	4,355.04
Amount Accepted (Ksh M)	4,416.32	11,463.28	20,797.68	8,299.01	2,497.99	5,241.99	2,141.98	4,345.77
Maturities (Ksh M)	2,297.80	22,446.95	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%) - 182 days	10.321	10.316	10.313	10.314	10.317	10.317	10.319	10.316
364-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,780.73	15,343.16	10,132.67	8,351.03	3,774.10	3,448.87	8,067.79	3,367.24
Amount Accepted (Ksh M)	9,366.10	13,019.38	9,626.96	6,124.85	3,773.92	3,448.87	6,717.29	2,917.07
Maturities (Ksh M)	6,827.91	9,843.80	12,870.40	12,676.35	8,046.45	8,085.20	8,365.30	6,310.95
Average interest Rate (%) - 364 days	10.894	10.922	10.920	10.930	10.959	10.958	10.975	10.989

Source: Central Bank of Kenya

**Table 6: Performance of Government Securities**

TREASURY BONDS						
Date of Auction	21-Jun-17	27-Jul-17	31-Aug-17	28-Sep-17		18-Oct-17
Tenor	FXD2/2007/15	FXD 1/2007/10	FXD 1/2017/5	TAP SALE FXD 1/2017/2	TAP SALE FXD 1/2017/10	FXD 2/2017/5
Amount offered (Ksh)	30,000.0	30,000.0	13,000.0	13,000.0		30,000.0
Bids received (Ksh M)	39,073.2	19,043.3	17,490.0	11,137.6	635.0	20,076.8
Amount Accepted (Ksh)	26,409.9	5,190.8	17,530.8	11,137.6	635.0	13,504.6
Maturities (Ksh M)	18,746.8	0.0	0.0	0.0	0.0	0.0
Average interest Rate	12.520	12.966	12.465	11.619	13.072	12.517

Source: Central Bank of Kenya

**Chart 3: Kenya Government Securities Yield Curve**

Source: Central Bank of Kenya

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

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	727.40	727.88	726.97	724.80	727.78	729.21
(As % of total securities)	35.84	35.85	35.20	34.69	34.66	34.33	34.23	34.27
2. Treasury Bonds	1,331.98	1,331.98	1,339.04	1,370.34	1,370.34	1,386.56	1,398.31	1,398.31
(As % of total securities)	64.16	64.15	64.80	65.31	65.34	65.67	65.77	65.73
3. Total Securities (1+2)	2,076.13	2,076.43	2,066.44	2,098.23	2,097.31	2,111.36	2,126.09	2,127.52
4. Overdraft at Central Bank	-	-	13.39	19.80	22.08	24.72	22.46	21.97
5. Other Domestic debt*	36.15	35.56	36.71	36.47	36.47	36.47	36.47	40.51
6. Gross Domestic Debt (3+4+5)	2,112.28	2,112.00	2,116.54	2,154.50	2,155.86	2,172.55	2,185.02	2,189.99

\* 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 (In Percent)**

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17
Treasury bills (Excluding Repos)	35.2	35.2	34.4	33.8	33.7	33.4	33.3	33.3
Treasury bonds	63.1	63.1	63.3	63.6	63.6	63.8	64.0	63.9
CBK Overdraft to Govt	0.0	0.0	0.6	0.9	1.0	1.1	1.0	1.0
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17
Banking Institutions	56.2	56.1	55.9	55.8	55.8	55.9	55.7	55.8
Insurance Companies	6.6	6.6	6.2	6.2	6.2	6.2	6.2	6.2
Parastatals	6.4	6.6	6.5	6.3	6.3	6.3	6.3	6.3
Pension funds	28.1	28.0	27.2	27.5	27.4	27.3	27.5	27.4
Other investors	2.7	2.7	4.3	4.2	4.3	4.3	4.3	4.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-17	19-Oct-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,446	7,420	7,464	7,487	7,482	7,545	7,511	7,482	7,412	7,373	7,311
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.94	4.93	4.96	4.97	4.97	5.01	4.98	4.97	4.92	4.90	4.86

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya