



Central Bank of Kenya

# Weekly Bulletin

January 25, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 24. The Shilling strengthened against the US Dollar to 101.4 on January 24 from 101.7 on January 17 due to forex flows from the Transport Sector and low dollar demand (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 8,076 million (5.3 months of imports cover) as at January 24. This fulfils the requirement to endeavor to maintain at least 4 months of imports cover, and the EAC region's convergence criteria of 4.5 months of imports cover (Table 2).

### Money Market

The money market remained liquid during the week ending January 24. Commercial banks' excess reserves stood at KSh 21.9 billion in relation to the 5.25 percent cash reserves requirements (CRR). The average interbank rate declined to 3.04 percent on January 24 from 3.35 percent on January 17. The average number of interbank deals decreased to 22 compared to 24 in the previous week, while the average interbank volumes traded increased marginally to KSh 14.1 billion from KSh 13.5 billion (Table 3).

### Government Securities Market

The Treasury bills auction of January 24 received bids totaling KSh 40.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 170.2 percent (Table 4). The Treasury bonds auction for the two-year and the fifteen-year received bids totaling KSh 102.0 billion against an advertised amount of KSh 40 billion,

representing a performance of 254.9 percent. The two-year tenure bonds attracted the highest bids amounting to KSh 71 billion (Table 5).

### Equity Market

The performance of the equity market improved during the week ending January 24. The NASI, NSE 25 and NSE 20 share price indices rose by 0.2 percent, 1.8 percent and 1.0 percent, respectively. The number of shares traded increased by 0.8 percent, while market capitalisation increased by 0.2 percent (Table 6).

### Bond Markets

Trading in the domestic secondary bond market increased by 23.9 percent in the week ending January 24. Yields on all Kenya Eurobonds continued to decline, during the week by 7.7 basis points for the 5-year bond, 43.8 basis points for the 10-year (2024) and 50.3 basis points for the 10-year (2028) (Table 6). Similarly, the yields on 10-year Eurobonds of Ghana and Angola declined (Chart 2).

### Global Trends

Global market sentiments during the week were dominated by the projected slowdown in global growth in 2019 and risks arising from the US-China trade tensions and possibility of no-deal Brexit. The week also saw convening of the Davos World Economic Forum where concerns of global slowdown, climate change, inequalities, and lackluster international cooperation took centre stage.

International oil prices edged up slightly in the week ending January 24 reflecting adherence to OPEC's cut back in oil production and concerns of slower global economic outlook which could dampen global oil demand. Murban oil price rose marginally to USD 61.77 per barrel on January 24 compared to USD 61.47 per barrel on January 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
11-Jan-19	101.75	129.82	117.36	94.08	36.46	22.86	8.79	17.63
14-Jan-19	101.74	130.49	117.31	94.04	36.52	22.87	8.79	17.63
15-Jan-19	101.70	130.68	116.57	94.01	36.37	22.62	8.79	17.95
16-Jan-19	101.71	130.67	116.30	93.80	36.23	22.62	8.79	17.64
17-Jan-19	101.70	130.73	115.85	93.50	36.38	22.66	8.80	17.64
<b>January 11-17</b>	<b>101.72</b>	<b>130.48</b>	<b>116.68</b>	<b>93.89</b>	<b>36.39</b>	<b>22.73</b>	<b>8.79</b>	<b>17.70</b>
18-Jan-19	101.73	131.96	115.93	92.97	36.52	22.67	8.80	17.64
21-Jan-19	101.71	131.62	115.98	92.99	36.43	22.68	8.80	17.64
22-Jan-19	101.60	130.77	115.50	92.65	36.35	22.71	8.81	17.66
23-Jan-19	101.60	131.18	115.32	92.85	36.36	22.72	8.81	17.67
24-Jan-19	101.41	132.17	115.24	92.41	36.39	22.78	8.83	17.70
<b>January 18-24</b>	<b>101.61</b>	<b>131.54</b>	<b>115.59</b>	<b>92.77</b>	<b>36.41</b>	<b>22.71</b>	<b>8.81</b>	<b>17.66</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

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

	20-Dec-18	27-Dec-18	03-Jan-19	10-Jan-19	17-Jan-19	24-Jan-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,005	8,001	8,019	7,983	8,047	8,076
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.25	5.24	5.26	5.23	5.27	5.29

\*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 (%)
11-Jan-19	19	10,060	1.71
14-Jan-19	17	9,740	1.57
15-Jan-19	28	15,150	2.09
16-Jan-19	29	19,390	3.08
17-Jan-19	25	13,400	3.35
<b>January 11-17</b>	<b>24</b>	<b>13,548</b>	<b>2.36</b>
18-Jan-19	23	8,415	3.57
21-Jan-19	20	8,190	3.36
22-Jan-19	24	25,200	3.16
23-Jan-19	27	18,340	3.16
24-Jan-19	18	10,280	3.04
<b>January 18-24</b>	<b>22</b>	<b>14,085</b>	<b>3.26</b>

Source :Central Bank of Kenya

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

Date of Auction	03-Jan-19	10-Jan-19	17-Jan-19	24-Jan-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,262.91	14,233.21	7,231.16	4,951.57
Amount Accepted (Ksh M)	1,262.62	6,451.25	5,657.97	4,951.57
Maturities (Ksh M)	3,982.15	6,421.85	3,836.45	2,481.90
<b>Average interest Rate (%)</b>	<b>7.32</b>	<b>7.20</b>	<b>7.13</b>	<b>7.12</b>

<b>182-Day Treasury Bills</b>				
Date of Auction	03-Jan-19	10-Jan-19	17-Jan-19	24-Jan-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,325.98	24,457.78	13,883.27	10,730.67
Amount Accepted (Ksh M)	3,310.29	18,763.73	13,389.61	3,119.41
Maturities (Ksh M)	3,060.85	10,387.65	10,671.95	6,044.75
<b>Average interest Rate (%)</b>	<b>9.00</b>	<b>8.94</b>	<b>8.93</b>	<b>8.83</b>

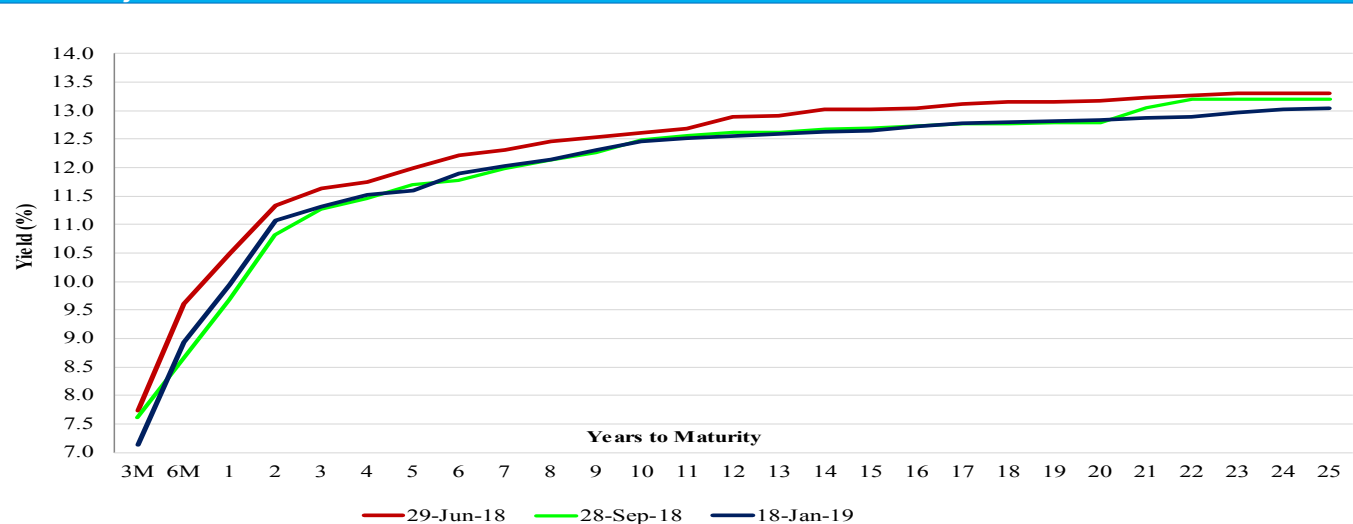
<b>364-Day Treasury Bills</b>				
Date of Auction	03-Jan-19	10-Jan-19	17-Jan-19	24-Jan-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	24,433.85	28,881.21	17,619.47	25,165.27
Amount Accepted (Ksh M)	11,830.94	23,728.84	9,474.19	18,464.19
Maturities (Ksh M)	5,824.80	11,255.45	8,164.25	11,369.55
<b>Average interest Rate (%)</b>	<b>10.01</b>	<b>9.96</b>	<b>9.95</b>	<b>9.91</b>

Source: Central Bank of Kenya

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

Date of Auction	14-Nov-18	28-Nov-18	13-Dec-18	27-Dec-18	23-Jan-19	
	TAP			REOPEN		
Tenor	IFB1/2018/20	IFB1/2018/20	FXD2/2018/10	FXD2/2018/10	FXD 1/2019/2	FXD 1/2019/15
Amount offered (Ksh M)	50,000.00	22,410.00	40,000.00	13,840.00	40,000.00	
Bids received (Ksh M)	40,393.25	8,726.50	28,860.50	6,623.89	101,973.00	
Amount Accepted (Ksh M)	27,588.43	8,726.50	26,158.96	6,623.89	23,774.63	14,719.75
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.16	12.16	12.50	12.50	10.70	12.86

Source: Central Bank of Kenya

**Chart 1: Kenya Government Securities Yield Curve**

Source: Nairobi Securities Exchange

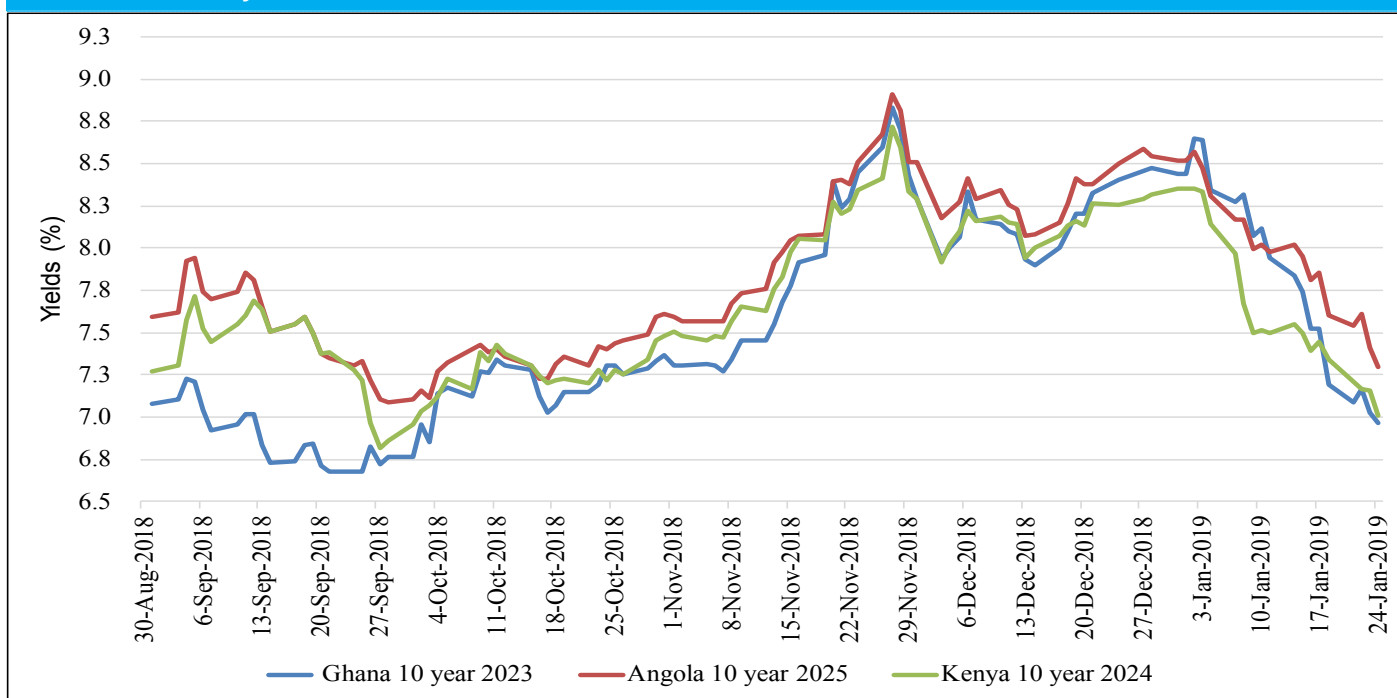
**Table 6: Key Weekly Market Indicators**

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 Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Eurobond Yield (%)
11-Jan-19	142.61	3564.37	2794.43	949	10.75	320.06	2134.73	1366.95	4.711	7.498	8.195	9.163
14-Jan-19	143.11	3576.68	2809.16	1079	25.99	687.98	2142.26	1170.84	4.741	7.549	8.257	9.184
15-Jan-19	143.53	3598.00	2811.94	1117	29.93	850.41	2148.45	1609.55	4.757	7.499	8.135	9.144
16-Jan-19	144.76	3623.19	2844.25	997	23.32	607.86	2166.98	2128.70	4.726	7.395	8.134	9.078
17-Jan-19	145.01	3640.19	2849.81	1145	19.79	494.59	2170.74	1717.96	4.646	7.444	8.135	9.097
<b>January 11-17, 2019</b>	<b>145.01</b>	<b>3640.19</b>	<b>2849.81</b>	<b>5287.00</b>	<b>109.79</b>	<b>2960.90</b>	<b>2170.74</b>	<b>7994.00</b>	<b>4.646</b>	<b>7.444</b>	<b>8.135</b>	<b>9.097</b>
18-Jan-19	145.27	3667.70	2851.77	1046	33.82	893.15	2174.62	1016.20	5.096	7.338	8.135	8.954
21-Jan-19	145.54	3698.97	2863.75	1175	30.94	784.44	2180.11	1648.51	4.939	7.212	7.892	8.896
22-Jan-19	145.24	3692.79	2870.73	994	10.97	411.14	2174.09	4605.49	4.653	7.169	7.844	8.947
23-Jan-19	145.24	3697.49	2877.31	1044	7.52	215.21	2174.20	1386.84	4.621	7.156	7.873	8.841
24-Jan-19	145.30	3706.51	2877.54	1069	13.73	1167.25	2175.03	1249.98	4.569	7.006	7.632	8.762
<b>January 18-24, 2019</b>	<b>145.30</b>	<b>3706.51</b>	<b>2877.54</b>	<b>5328.00</b>	<b>96.98</b>	<b>3471.19</b>	<b>2175.03</b>	<b>9907.03</b>	<b>4.569</b>	<b>7.006</b>	<b>7.632</b>	<b>8.762</b>
<b>Weekly Change(%)</b>	<b>0.20</b>	<b>1.82</b>	<b>0.97</b>	<b>0.78</b>	<b>-11.66</b>	<b>17.23</b>	<b>0.20</b>	<b>23.93</b>	<b>-0.077*</b>	<b>-0.438*</b>	<b>-0.503*</b>	<b>-0.335*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thomson Reuters

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



Source: Thomson Reuters

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

	29-Jun-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19
1. Treasury Bills (Excluding Repos)	878.62	931.76	917.12	904.10	899.42	904.30	928.48
<i>(As % of total securities)</i>	<b>36.75</b>	<b>37.61</b>	<b>37.23</b>	<b>36.90</b>	<b>36.68</b>	<b>36.80</b>	<b>37.42</b>
2. Treasury Bonds	1,511.87	1,545.63	1,546.29	1,546.29	1,552.92	1,552.92	1,552.92
<i>(As % of total securities)</i>	<b>63.25</b>	<b>62.39</b>	<b>62.77</b>	<b>63.10</b>	<b>63.32</b>	<b>63.20</b>	<b>62.58</b>
3. Total Securities (1+2)	2,390.49	2,477.38	2,463.41	2,450.39	2,452.34	2,457.22	2,481.40
4. Overdraft at Central Bank	56.85	44.27	45.86	45.86	63.88	60.35	39.47
5. Other Domestic debt*	31.44	31.62	31.61	31.61	31.61	31.61	31.62
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,553.27</b>	<b>2,540.88</b>	<b>2,527.86</b>	<b>2,547.82</b>	<b>2,549.18</b>	<b>2,552.49</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	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19
Treasury bills (Excluding Repos)	35.45	36.49	36.09	35.77	35.30	35.47	36.38
Treasury bonds	60.99	60.54	60.86	61.17	60.95	60.92	60.84
CBK Overdraft to Government	2.29	1.73	1.81	1.81	2.51	2.37	1.55
Other domestic debt	1.27	1.24	1.24	1.25	1.24	1.24	1.24
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	29-Jun-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19
Banking Institutions	55.19	54.48	54.18	54.53	54.86	55.05	54.76
Insurance Companies	6.23	5.99	6.02	6.06	6.05	6.03	6.01
Parastatals	7.04	7.46	7.35	7.25	7.30	7.21	7.43
Pension funds	27.09	27.51	27.88	27.59	27.25	27.21	27.31
Other investors	4.44	4.56	4.56	4.57	4.53	4.51	4.49
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	Jun-16	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	1,815.13	2,111.71	2,172.84	2,220.35	2,371.65	2,478.84	2,540.70
Public & Publicly Guaranteed External debt (US \$ Billion)	17.77	22.12	22.38	22.76	24.91	25.34	25.81
Public & Publicly Guaranteed External debt (KSh Billion)	1,796.20	2,294.40	2,310.20	2,349.28	2,512.43	2,560.20	2,605.33
<b>Total public debt (KSh Billion)</b>	<b>3,611.33</b>	<b>4,406.11</b>	<b>4,483.03</b>	<b>4,569.63</b>	<b>4,884.08</b>	<b>5,039.03</b>	<b>5,146.04</b>

Source: National Treasury and Central Bank of Kenya