



Central Bank of Kenya

Weekly Bulletin

February 22, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 21. It exchanged at KSh 100.24 per US Dollar on February 21 compared to KSh 100.25 on February 14 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,109 million (5.3 months of import cover) as at February 21. This meets the requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market remained liquid during the week ending February 21, partly due to Government payments, which offset the tax payments. Commercial banks' excess reserves stood at KSh 24.1 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 1.98 percent on February 21 compared to 1.24 percent on February 14. However, the average number of interbank deals declined slightly to 19 compared to 21 in the previous week, and the average interbank volumes traded declined to KSh 10.7 billion from KSh 16.7 billion (Table 3).

Government Securities Market

The Treasury bills auctions of February 21 received bids totaling KSh 25.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 104.6 percent. The 182-day Treasury bill attracted most bids. Interest rates on the three Treasury bills declined during the auction (Table 4).

The 5-year and 10-year Treasury bonds offered for the February 20 auction received bids totaling KSh 78.3 billion against an advertised amount of KSh 50.0 billion, recording a performance of 156.5 percent (Table 5).

Equity Market

Trading activity in the equity markets decreased during the week ending February 21. The NASI, NSE 25 and the NSE 20 share indices declined by 2.5 percent, 3.3 percent and 1.7 percent, respectively, during the week. In addition, equity turnover fell by 34.5 percent on account of reduced volume of shares traded. Market capitalisation declined by 2.5 percent on account of reduced share prices (Table 6).

Bond Markets

The secondary bond market turnover decreased by 36.1 percent during the week ending February 21. In the international market, yields on Kenya's 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds declined by 10.1, 37.8, 27.8 and 17.1 basis points, respectively (Table 6). The 10-year Eurobond yields for Ghana and Angola also declined during the week (Chart 2).

Global Trends

Global equity markets edged up slightly on increased investor optimism, following progress in the discussions outlining the broad commitments needed to resolve the trade dispute between China and the US. However, the uncertainty surrounding Brexit and the likelihood of a no-deal Brexit remained during the week, as the UK Government failed to garner enough support for the amended Brexit deal.

Global oil prices rose during the week due to the effects of OPEC production cuts particularly by Saudi Arabia, and the impact of U.S. sanctions on Venezuela and Iran. Murban crude oil price rose to USD 68.38 per barrel on February 21 from USD 66.38 on February 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-Feb-19	100.15	129.85	113.63	91.27	36.60	23.17	8.96	17.95
11-Feb-19	100.36	130.16	113.90	91.39	36.62	23.12	8.94	17.91
12-Feb-19	100.53	129.65	113.71	91.07	36.50	23.13	8.93	17.89
13-Feb-19	100.28	129.16	113.27	90.80	36.58	23.19	8.95	17.93
14-Feb-19	100.25	129.21	113.21	90.78	36.60	23.19	8.95	17.94
February 8-14	100.31	129.60	113.54	91.06	36.58	23.16	8.95	17.93
15-Feb-19	100.24	128.46	113.33	90.51	36.66	23.24	8.95	17.94
18-Feb-19	100.19	128.21	112.58	90.59	36.68	23.26	8.96	17.95
19-Feb-19	100.17	129.44	113.44	90.60	36.69	23.26	8.96	17.96
20-Feb-19	100.27	129.68	113.26	90.57	36.60	23.24	8.96	17.94
21-Feb-19	100.24	130.70	113.70	90.45	36.58	23.26	8.97	17.94
February 15-21	100.22	129.30	113.26	90.55	36.64	23.25	8.96	17.95

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	10-Jan-19	17-Jan-19	24-Jan-19	31-Jan-19	07-Feb-19	14-Feb-19	21-Feb-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,983	8,047	8,076	8,136	8,232	8,143	8,109
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.23	5.27	5.29	5.33	5.39	5.34	5.31

*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 (%)
8-Feb-19	12	6,275	1.55
11-Feb-19	21	21,420	1.43
12-Feb-19	30	25,540	1.41
13-Feb-19	22	17,620	1.29
14-Feb-19	19	12,525	1.24
February 8-14, 2019	21	16,676	1.38
15-Feb-19	21	11,715	1.77
18-Feb-19	19	13,390	1.83
19-Feb-19	17	8,695	1.86
20-Feb-19	16	7,905	1.92
21-Feb-19	21	11,765	1.98
February 15-21, 2019	19	10,694	1.87

Source :Central Bank of Kenya

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

Date of Auction	27-Sep-18	27-Dec-18	31-Jan-19	07-Feb-19	14-Feb-19	21-Feb-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,096.36	1,022.73	2,385.99	3,337.47	4,860.38	5,104.84
Amount Accepted (Ksh M)	5,061.43	1,022.73	2,385.99	3,337.47	4,860.28	5,104.84
Maturities (Ksh M)	3,629.35	5,135.05	5,226.45	1,998.90	7,415.15	1,272.20
Average interest Rate (%)	7.61	7.34	7.06	7.04	7.02	6.96

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,086.11	5,419.17	8,097.64	14,927.17	11,706.83	11,573.10
Amount Accepted (Ksh M)	5,056.99	2,550.75	8,031.57	8,936.82	9,688.95	9,940.81
Maturities (Ksh M)	3,905.45	6,004.40	5,366.55	2,137.55	7,574.10	7,512.05
Average interest Rate (%)	8.65	9.00	8.78	8.57	8.48	8.38

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,429.49	9,166.14	29,688.86	29,318.88	17,093.95	8,434.18
Amount Accepted (Ksh M)	9,417.98	7,349.57	21,921.84	16,641.81	16,054.10	7,848.75
Maturities (Ksh M)	3,804.75	5,336.65	12,736.30	19,024.55	13,263.65	12,013.60
Average interest Rate (%)	9.67	9.95	9.86	9.64	9.55	9.49

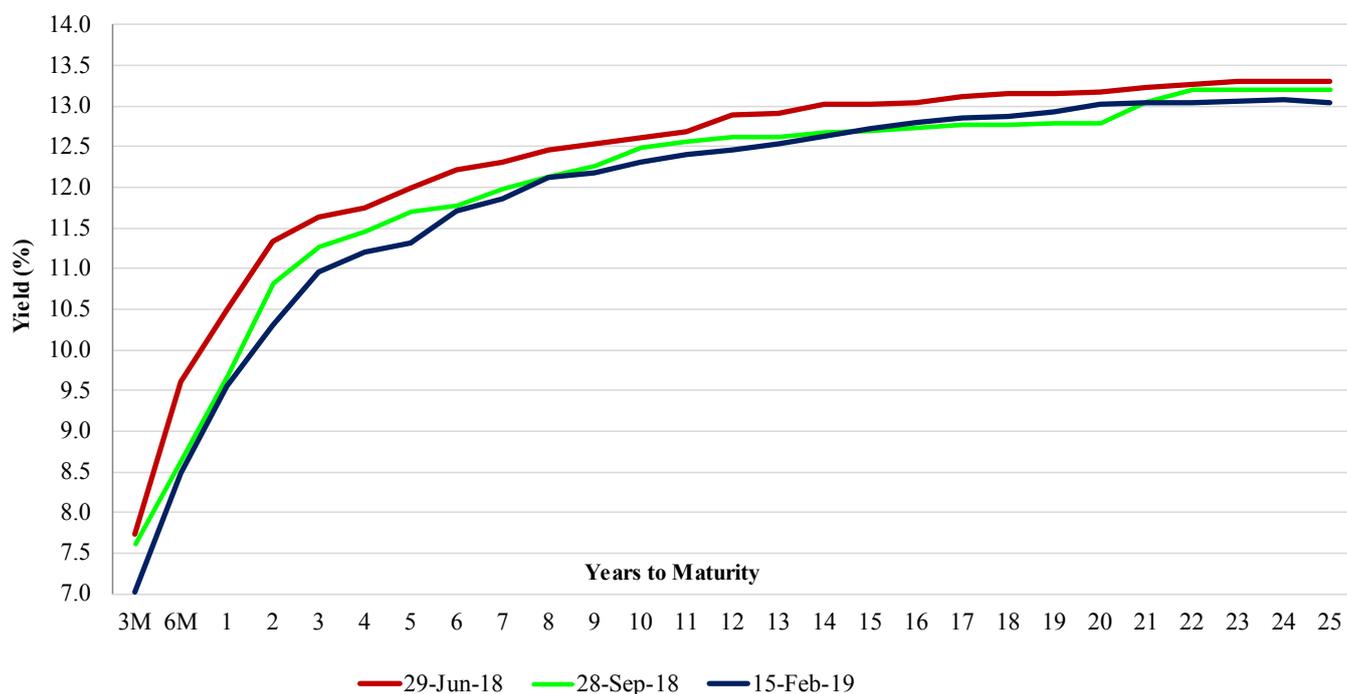
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	27-Dec-18		23-Jan-19		06-Feb-19		20-Feb-19	
	REOPEN			REOPEN		REOPEN		
Tenor	FXD2/2018/10	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	
Amount offered (Ksh M)	13,840.00	40,000.00		12,000.00		50,000.00		
Bids received (Ksh M)	6,623.89	101,973.00		66,603.10		78,259.02		
Amount Accepted (Ksh M)	6,623.89	23,774.63	14,719.75	7,470.38	15,961.36	20,593.62	32,808.00	
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Average interest Rate (%)	12.50	10.70	12.86	10.33	12.77	11.30	12.44	

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

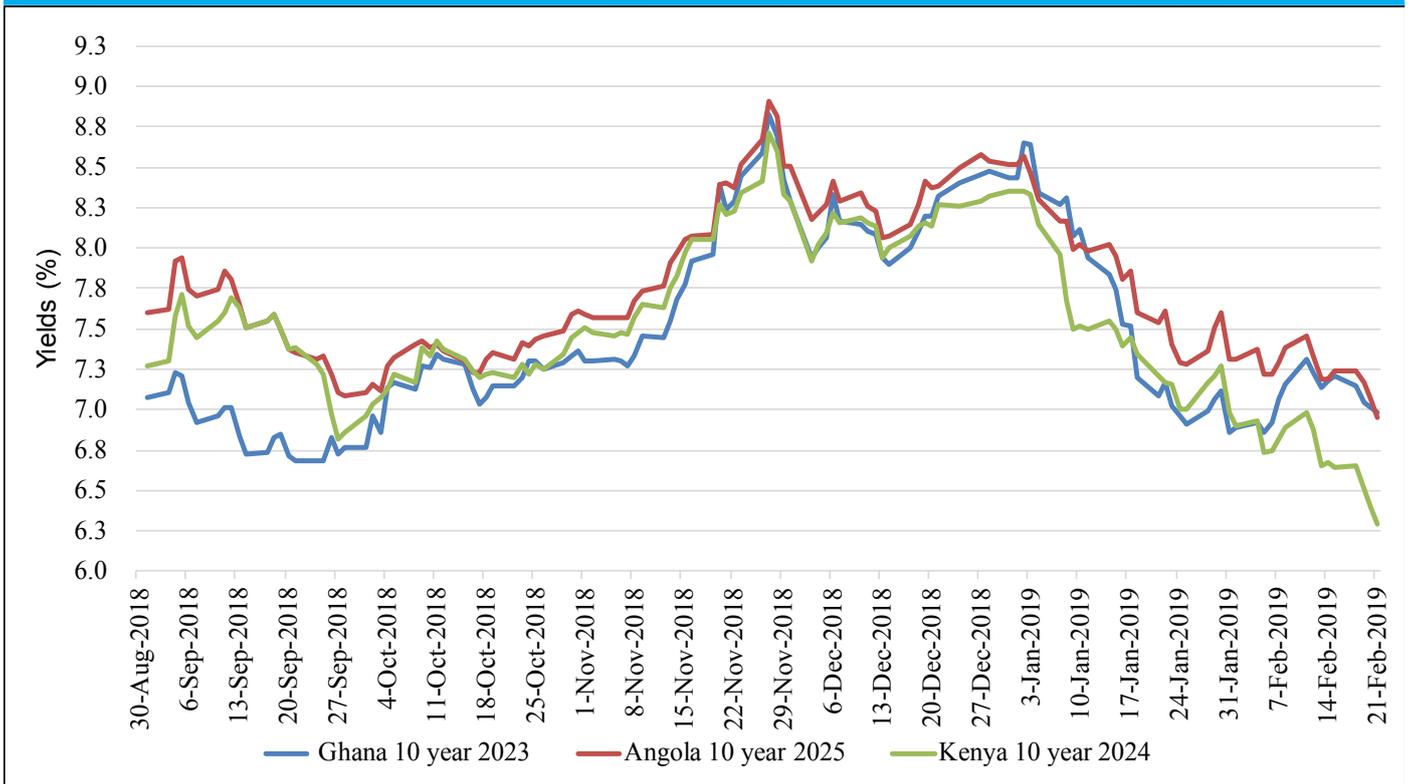
Table 6: Key Weekly Market Indicators

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 Euro-bond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Euro-bond Yield (%)
8-Feb-19	160.44	4,067.35	3,059.98	1,209	50.12	1,519.11	2,402.21	1,955.30	5.058	6.891	7.620	8.545
11-Feb-19	160.53	4,086.20	3,067.91	991	20.14	494.81	2,403.51	1,828.36	4.609	6.986	7.686	8.576
12-Feb-19	160.28	4,078.80	3,063.96	1,420	19.90	617.61	2,399.84	4,305.45	4.627	6.875	7.519	8.459
13-Feb-19	160.28	4,074.69	3,070.33	1,117	21.65	752.87	2,399.86	4,644.82	4.813	6.652	7.320	8.289
14-Feb-19	158.85	4,042.60	3,058.29	1,070	18.19	517.51	2,378.36	2,560.37	5.096	6.675	7.403	8.330
February 8-14, 2019	158.85	4,042.60	3,058.29	5807.00	130.01	3901.91	2378.36	15294.30	5.096	6.675	7.403	8.330
15-Feb-19	157.29	4,003.18	3,045.40	1,138	9.41	507.57	2,355.02	2,912.97	5.455	6.647	7.404	8.347
18-Feb-19	156.63	3,969.90	3,047.35	1,193	21.48	569.04	2,345.14	1,726.77	5.090	6.656	7.413	8.324
19-Feb-19	156.20	3,956.92	3,022.93	1,069	10.78	553.85	2,338.55	1,618.00	5.083	6.507	7.326	8.240
20-Feb-19	155.54	3,928.15	3,011.41	1,190	11.14	458.72	2,328.64	2,087.58	4.928	6.396	7.212	8.227
21-Feb-19	154.93	3,911.03	3,005.16	1,184	17.74	466.12	2,319.62	1,431.52	4.995	6.297	7.125	8.159
February 15-21, 2019	154.93	3,911.03	3,005.16	5774.00	70.55	2,555.30	2,319.62	9,776.85	4.995	6.297	7.125	8.159
Weekly Change(%)	-2.47	-3.25	-1.74	-0.57	-45.73	-34.51	-2.47	-36.08	0.101*	-0.378*	-0.278*	-0.171*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson 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	28-Sep-18	28-Dec-18	25-Jan-19	01-Feb-19	08-Feb-19	15-Feb-19
1. Treasury Bills (Excluding Repos)	878.62	867.51	904.10	935.92	943.94	956.05	963.83
(As % of total securities)	36.75	37.14	36.90	37.60	37.23	37.53	37.38
2. Treasury Bonds	1,511.87	1,468.50	1,546.29	1,552.92	1,591.34	1,591.34	1,614.60
(As % of total securities)	63.25	62.86	63.10	62.40	62.77	62.47	62.62
3. Total Securities (1+2)	2,390.49	2,336.00	2,450.39	2,488.84	2,535.28	2,547.39	2,578.43
4. Overdraft at Central Bank	56.85	36.29	45.86	37.57	36.89	27.93	22.69
5. Other Domestic debt*	31.44	168.54	31.61	31.61	32.25	31.61	31.41
6. Gross Domestic Debt (3+4+5)	2,478.78	2,540.83	2,527.86	2,558.01	2,604.41	2,606.93	2,632.52

* 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	28-Sep-18	28-Dec-18	25-Jan-19	01-Feb-19	08-Feb-19	15-Feb-19
Treasury bills (Excluding Repos)	35.45	34.14	35.77	36.59	36.24	36.67	36.61
Treasury bonds	60.99	57.80	61.17	60.71	61.10	61.04	61.33
CBK Overdraft to Government	2.29	1.43	1.81	1.47	1.42	1.07	0.86
Other domestic debt	1.27	6.63	1.25	1.24	1.24	1.21	1.19
TOTAL	100.00						

Source: Central Bank of Kenya

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

	29-Jun-18	28-Sep-18	28-Dec-18	25-Jan-19	01-Feb-19	08-Feb-19	15-Feb-19
Banking Institutions	55.19	54.97	54.53	54.38	54.36	54.43	54.56
Insurance Companies	6.23	6.07	6.06	5.98	6.01	6.09	6.06
Parastatals	7.04	7.32	7.25	7.36	7.36	7.31	7.22
Pension funds	27.09	27.12	27.59	27.77	27.79	27.57	27.59
Other investors	4.44	4.52	4.57	4.50	4.49	4.60	4.57
Total	100.00						

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-17	Dec-17	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,535.75	2,563.42	2,548.77
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.07	26.42	26.74
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,654.69	2,709.01	2,723.73
Total public debt (KSh Billion)	4,406.11	4,569.63	5,039.03	5,146.04	5,190.44	5,272.43	5,272.50

Source: National Treasury and Central Bank of Kenya