



Central Bank of Kenya

Weekly Bulletin

June 28, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation increased marginally to 5.7 percent in June from 5.5 percent in May. Food inflation increased to 6.6 percent from 6.0 percent in May, mainly on account of elevated prices of a few food crops (Chart 1).

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 27. It exchanged at KSh 102.17 per US Dollar on June 27, compared to KSh 101.90 on June 20 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,131 million (5.8 months of import cover) as at June 27. This meets the CBK's statutory 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 was liquid during the week ending June 27, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 19.50 billion in relation to the 5.25 percent Cash Reserves Requirement (CRR). The average interbank rate declined to 2.23 percent on June 27, from 2.89 percent on June 20. The average number of interbank deals decreased to 15 from 20 in the previous week, while the value of deals traded decreased to KSh 6.82 billion from KSh 12.96 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of June 27 received bids totaling KSh 59.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 249.2 percent. Interest rates on all Treasury bills tenures declined (Table 4).

Equity Market

Trading activity at the NSE improved in the week ending June 27. The NASI and market capitalization gained 0.51 percent and 0.52 percent, respectively. The NSE 20 Share index remained unchanged from last week. However, the NSE 25 share index, total shares traded and total equity turnover declined by 0.09 percent, 41.64 percent and 35.73 percent, respectively (Table 6).

Bonds Market

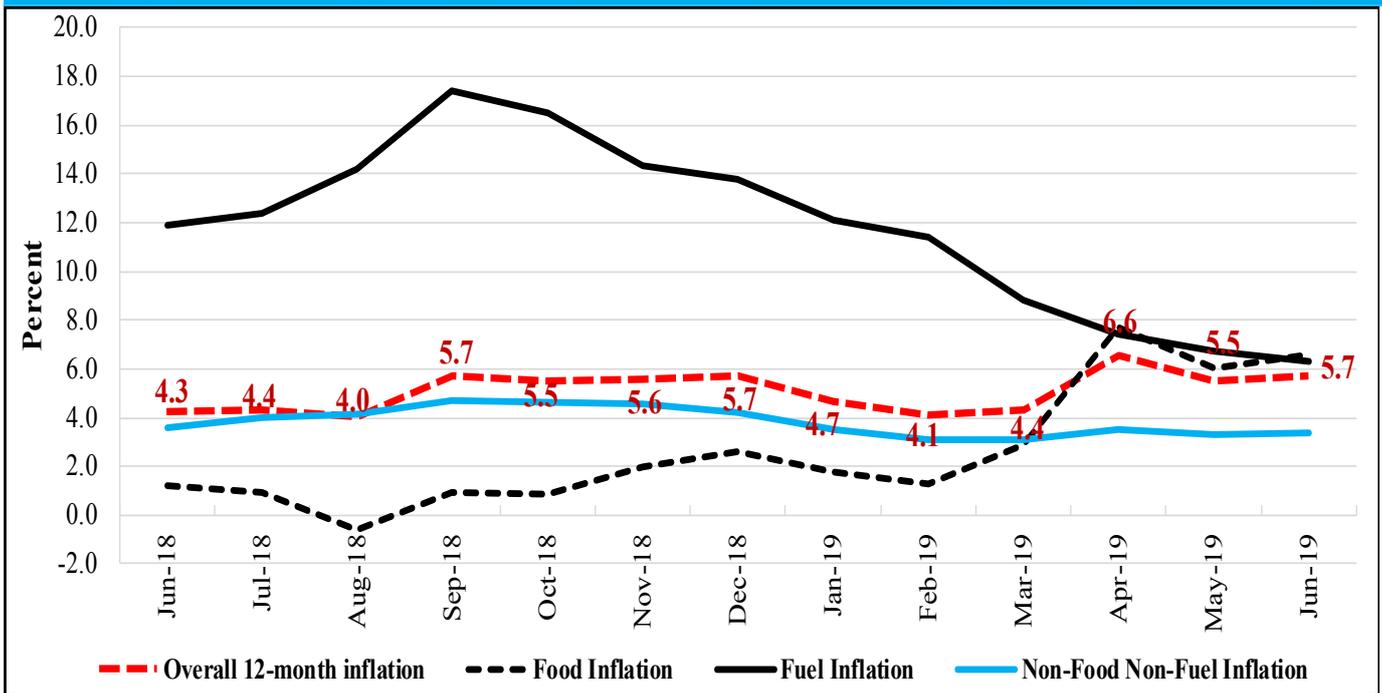
The secondary domestic bond market trading activity rose by 10.72 percent during the week ending June 27. In the international market, yields of Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year Eurobonds declined by 21.1, 6.1, 4.6 and 38.0 basis points, respectively, while those of the 30-year Eurobond rose by 0.60 basis points (Table 6). The yields on 10-year Eurobonds for Ghana and Angola declined during the week (Chart 3).

Global Trends

Uncertainties in the global financial markets continued during the week. However, a possible trade deal between US and China is expected following the planned meeting of President Trump and President Xi Jinping at the G20 Summit in Japan. Brexit uncertainties persisted as divisions within the Conservative Party continued on whether or not to pursue a no-deal Brexit.

International oil prices increased during the week amid heightened US-Iran tensions following new sanctions and falling US oil supply. Murban oil price increased to US\$ 65.32 per barrel on June 27 from US\$ 63.24 per barrel on June 20.

Chart 1: Developments in Inflation



Source: Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
14-Jun-19	101.55	128.89	114.57	93.61	36.88	22.65	8.96	18.08
17-Jun-19	101.82	128.60	114.51	93.96	36.80	22.59	8.94	18.03
18-Jun-19	102.00	128.42	114.61	93.98	36.62	22.53	8.93	17.99
19-Jun-19	102.02	127.79	114.27	94.17	36.61	22.54	8.93	18.00
20-Jun-19	101.90	128.28	114.19	93.97	36.36	22.59	8.94	18.02
June 14-20	101.86	128.40	114.43	93.94	36.65	22.58	8.94	18.02
21-Jun-19	101.87	129.28	115.08	95.09	36.22	22.58	8.94	18.03
24-Jun-19	101.88	129.13	115.34	94.81	36.17	22.58	8.94	18.03
25-Jun-19	102.19	129.92	116.26	95.11	36.35	22.51	8.92	17.97
26-Jun-19	101.91	129.67	116.01	95.30	36.16	22.57	8.94	18.02
27-Jun-19	102.17	129.64	116.07	94.92	36.31	22.50	8.92	17.98
June 21-27	102.01	129.53	115.75	95.05	36.24	22.55	8.93	18.01

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	23-May-19	30-May-19	06-Jun-19	13-Jun-19	20-Jun-19	27-Jun-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,981	10,062	10,065	10,083	9,153	9,131
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.08	6.40	6.40	6.41	5.82	5.81

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

Source: Central Bank of Kenya

Table 3: Money Market

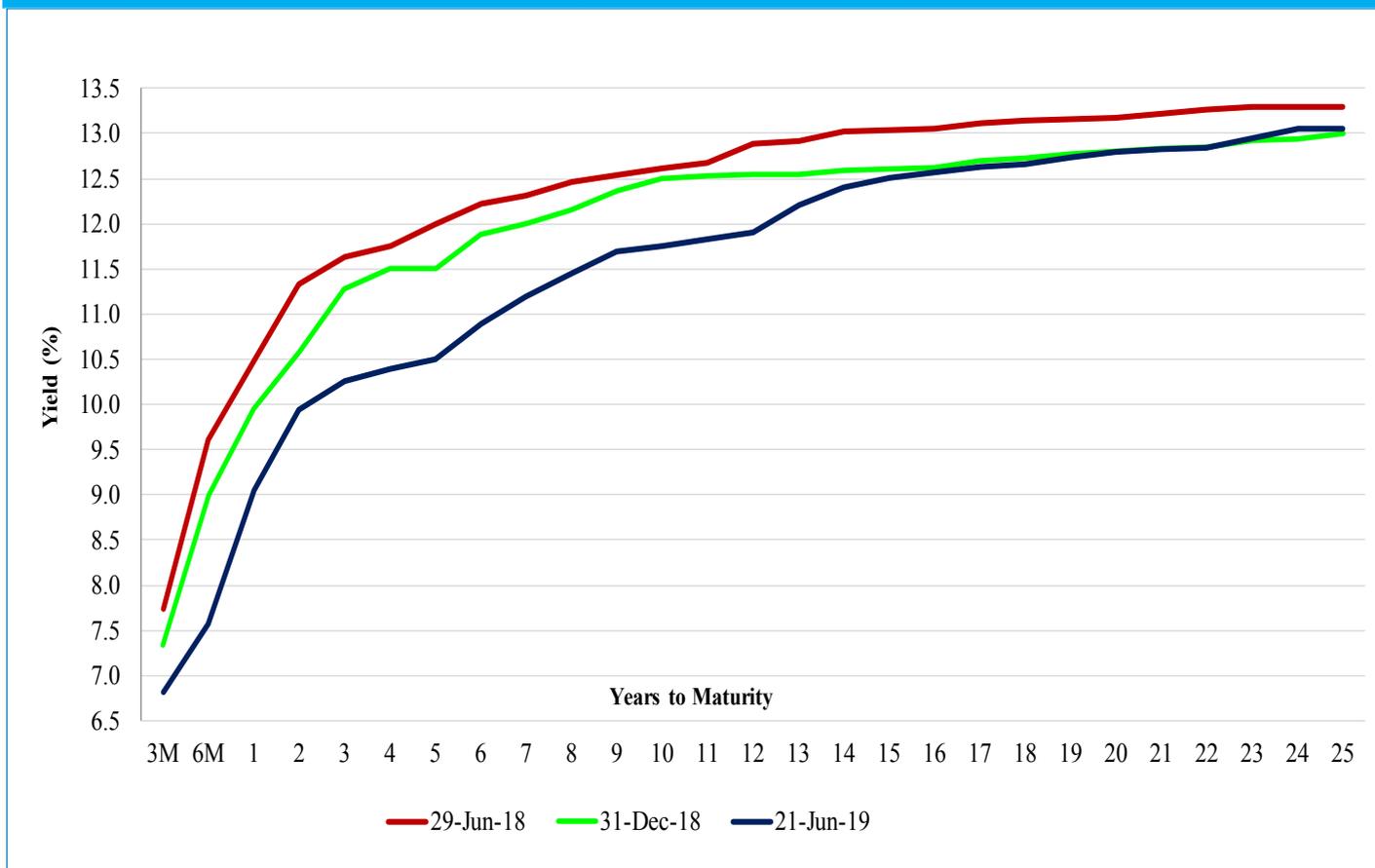
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
14-Jun-19	18	5,770	2.75
17-Jun-19	18	14,020	3.05
18-Jun-19	21	12,435	3.02
19-Jun-19	22	17,125	2.93
20-Jun-19	23	15,450	2.89
June 14-20, 2019	20	12,960	3.53
21-Jun-19	22	12,670	2.78
24-Jun-19	18	6,200	2.94
25-Jun-19	13	4,400	2.71
26-Jun-19	14	6,230	2.48
27-Jun-19	9	4,600	2.23
June 21- 27, 2019	15	6,820	3.53

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	28-Mar-19	25-Apr-19	30-May-19	20-Jun-19	27-Jun-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,693.92	7,454.68	2,334.49	6,448.30	4,143.64
Amount Accepted (Ksh M)	966.23	7,454.68	2,334.39	2,379.42	4,142.56
Maturities (Ksh M)	1,044.15	5,024.95	2,927.95	2,782.10	983.55
Average interest Rate (%)	7.500	7.298	6.995	6.814	6.738
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)	7,343.75	14,193.85	2,465.66	6,399.13	3,519.12
Amount Accepted (Ksh M)	5,908.18	14,120.79	2,462.80	1,184.49	3,519.12
Maturities (Ksh M)	5,245.70	3,129.85	4,516.50	4,336.00	2,696.35
Average interest Rate (%)	8.204	8.006	7.651	7.578	7.487
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)	30,046.91	5,657.52	26,261.69	43,970.20	52,155.78
Amount Accepted (Ksh M)	23,655.49	4,466.63	23,511.75	6,341.38	23,425.49
Maturities (Ksh M)	6,923.80	10,080.10	9,351.95	31,331.35	19,230.40
Average interest Rate (%)	9.408	9.315	9.311	9.050	8.759

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	20-Mar-19	10-Apr-19	08-May-19		13-Jun-19		
	REOPEN						
Tenor	IFB 1/2019/25	FXD 2/2019/10	FXD 1/ 2019/20	FXD 2/2019/5	FXD 2/ 2019/15	FXD 1/2012/15	FXD 1/ 2018/15
Amount offered (Ksh M)	50,000.00	50,000.00		50,000.00		40,000.00	
Bids received (Ksh M)	29,376.22	85,615.54		70,841.20		85,615.66	
Amount Accepted (Ksh M)	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16	21,211.35	17,727.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.66	12.30	12.87	10.87	12.73	11.59	12.46

Source: Central Bank of Kenya

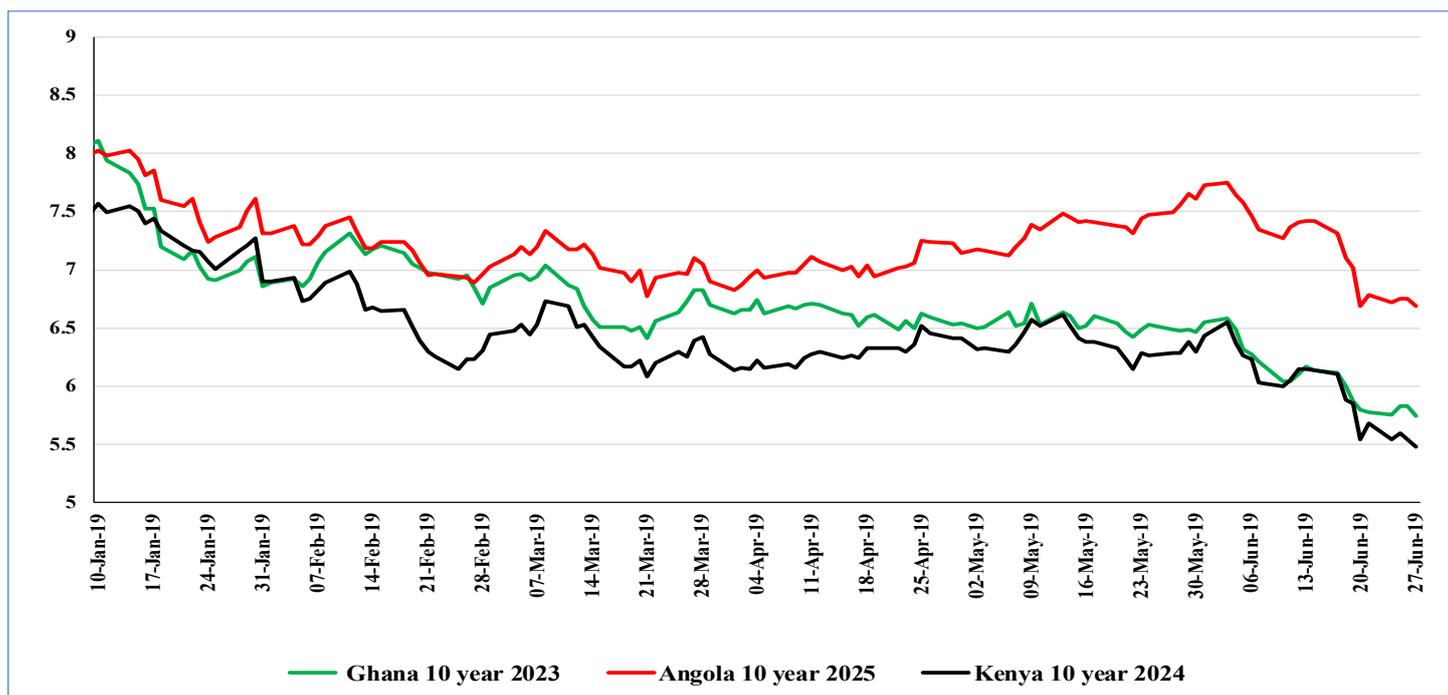
Table 6: Key Weekly Market Indicators

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 (%)
14-Jun-19	150.12	3638.0	2706.8	890	12.05	490.93	2,271.32	1,560.53	6.982	6.136	7.445	7.445	8.547
17-Jun-19	148.47	3599.3	2683.7	976	24.07	669.58	2,260.77	3,388.14	6.954	6.110	7.375	7.375	8.530
18-Jun-19	148.50	3598.4	2670.2	1,073	17.68	488.30	2,261.69	3,710.60	6.813	5.883	7.208	7.208	8.340
19-Jun-19	147.53	3583.5	2658.9	1,053	26.72	748.79	2,246.84	3,936.25	6.668	5.853	7.071	7.071	8.214
20-Jun-19	147.58	3575.4	2650.7	954	19.02	625.60	2,247.73	5,785.80	6.617	5.628	6.830	6.823	7.981
June 14-20	147.58	3575.43	2650.69	4,946.00	99.55	3,023.20	2,247.73	18,381.32	6.617	5.628	6.830	6.823	7.981
21-Jun-19	147.35	3559.5	2647.3	782	4.85	204.87	2,244.21	4,649.52	6.564	5.679	6.923	7.532	8.068
24-Jun-19	147.69	3566.1	2639.2	971	9.10	273.04	2,249.39	3,046.61	6.467	5.541	6.785	7.438	7.991
25-Jun-19	148.41	3584.4	2649.1	934	21.83	643.13	2,260.75	4,648.16	6.504	5.597	6.850	7.470	8.017
26-Jun-19	148.38	3581.3	2647.6	905	6.51	178.06	2,260.08	4,608.84	6.483	5.547	6.842	7.469	8.020
27-Jun-19	148.34	3572.2	2650.6	827	15.80	643.76	2,259.43	3,399.52	6.406	5.482	6.777	7.421	7.976
June 21-27	148.34	3572.24	2650.57	4,419.00	58.09	1,942.87	2,259.43	20,352.65	6.406	5.482	6.777	7.421	7.976
Weekly Changes (%)	0.51	-0.09	0.00	-10.66	-41.64	-35.73	0.52	10.72	-21.10*	-6.10*	-4.60*	-38.00*	0.60*

*Percentage points

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

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	21-Jun-19
1. Treasury Bills (Excluding Repos)	867.51	904.10	949.66	994.76	965.63	982.20
<i>(As % of total securities)</i>	37.14	36.90	36.04	37.01	35.61	35.97
2. Treasury Bonds	1,468.50	1,546.29	1,685.66	1,692.89	1,746.21	1,748.60
<i>(As % of total securities)</i>	62.86	63.10	63.96	62.99	64.39	64.03
3. Total Securities (1+2)	2,336.00	2,450.39	2,635.31	2,687.65	2,711.84	2,730.80
4. Overdraft at Central Bank	36.29	45.86	36.90	14.44	35.97	23.91
5. Other Domestic debt*	168.54	31.61	26.88	26.88	31.45	25.26
6. Gross Domestic Debt (3+4+5)	2,540.83	2,527.86	2,699.09	2,728.97	2,779.26	2,779.97

* 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-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	21-Jun-19
Treasury bills (Excluding Repos)	34.14	35.77	35.12	36.45	34.74	35.33
Treasury bonds	57.80	61.17	62.34	62.03	62.83	62.90
CBK Overdraft to Government	1.43	1.81	1.36	0.53	1.29	0.86
Other domestic debt	6.63	1.25	1.18	0.99	1.13	0.91
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)

	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	14-Jun-19	21-Jun-19
Banking Institutions	54.53	54.88	52.50	54.22	54.32	54.08
Insurance Companies	6.06	6.16	6.50	6.18	6.17	6.16
Parastatals	7.25	7.10	7.11	7.08	7.06	7.09
Pension funds	27.59	27.49	27.49	28.22	28.14	28.34
Other investors	4.57	4.37	6.41	4.30	4.30	4.33
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

	Jun-18	Sep-18	Dec-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,478.84	2,540.70	2,548.77	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	25.81	26.74	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,605.33	2,723.73	2,729.48	2,707.29	2,721.60
Total public debt (KSh Billion)	5,039.03	5,146.04	5,272.50	5,333.67	5,398.90	5,420.68

Source: National Treasury and Central Bank of Kenya