



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 7, 2018

Interbank Market

Liquidity conditions improved in the interbank market during the week ending September 05, 2018, partly reflecting increased government payments at the end of the month. As a result, the weighted average interbank rate declined to 5.52 percent from 5.84 percent in the previous week. The average volumes traded also decreased to KSh 13.10 billion during the week compared to KSh 22.48 billion in the previous week, while the average number of deals decreased to 28 from 35 (**Table 1**).

Exchange Rate

The Kenya Shilling remained steady against major international currencies as well as the regional currencies during the week ending September 6, 2018. The shilling strengthened against the US Dollar supported by inflows from the Information Technology sector. It also strengthened against the Euro and the Japanese Yen but weakened against the Sterling pound. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling and remained stable against the rest of the currencies (**Table 2**).

Government Securities Market

The Government securities market maintained good performance during the week ending September 7, 2018 with the Treasury bills auction for the week achieving a subscription rate of 148.7 percent compared to 176.14 percent in the previous week. The auction received bids totaling KSh 35.69 billion against an advertised amount of KSh 24.0 billion. The 182-Day and 364-Day tenures were oversubscribed, while the 91-Day tenor received a subscription of 64.0 percent. Interest rates on all the Treasury bill tenures declined during the week,

with the 364-Days Treasury bill rate declining from 9.91 percent on August 30, 2018 to 9.83 percent on September 6, 2018 (**Table 5**). The 91-Days Treasury bill rate also declined from 7.66 percent to 7.65 percent during the same period.

Equity Market

Trading activity in the equities market declined as reflected across all leading market indicators for the week ending September 7, 2018. The downward trend, which began in August 2018 has seen the shareholders' wealth, measured by market capitalisation, fall by 4.15 percent during the week. Cumulatively, shareholders lost KSh 105.74 billion, between August 31, 2018 and September 6, 2018. All market indicators closed the week ending September 6, 2018 at their lowest level recorded since January 2018, highlighting a bearish market. This could be explained by less favourable financial performance of some listed companies (**Table 3**).

Bond Market

Similar to equities, the bonds market segment recorded lower activity, with the volume traded down 7.51 percent in the period under review. Yields on Kenya's 5-year, 10-year (2028) and 30-year Eurobonds rose marginally, reflecting global developments (**Table 3**). Yields on Kenya's 10-year Eurobond (2024) trended together with Angola and Ghana but varied widely from Zambia's higher yields (**Chart 1**).

Global Financial Markets

Emerging markets have been under pressure since the US Fed and other major Central Banks began raising interest rates and the escalation

of dispute on trade policies. Recent events in Turkey and Argentina have led to a sharp depreciation of their currencies, and contagion on other emerging markets compounding negative sentiments. Consequently, the emerging market currencies have depreciated significantly over the last 3 weeks with losses in their equities and bonds markets particularly over the last week. In the last 9 trading days, the Emerging Markets stock price index (MSCI-EM) declined by 4.9 percent and bond yields have increased significantly.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
23-Aug-18	39	26,180	5.88
24-Aug-18	31	18,925	5.85
27-Aug-18	35	25,715	5.76
28-Aug-18	37	23,395	5.88
29-Aug-18	31	18,175	5.80
August 23-29, 2018	35	22,478	5.84
30-Aug-18	25	11,100	5.79
31-Aug-18	26	15,460	5.43
3-Sep-18	22	9,700	5.68
4-Sep-18	28	12,900	5.43
5-Sep-18	37	16,350	5.27
August 30-September 5, 2018	28	13,102	5.52

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*
24-Aug-18	100.68	129.51	116.53	91.18	37.20	22.72	8.74	17.58
27-Aug-18	100.79	129.52	117.03	90.76	37.26	22.65	8.73	17.56
28-Aug-18	100.79	129.81	117.35	90.77	37.26	22.69	8.73	17.56
29-Aug-18	100.68	130.05	117.96	90.66	37.30	22.72	8.74	17.58
30-Aug-18	100.69	130.33	117.39	90.67	37.42	22.71	8.74	17.58
August 24-30, 2018	100.72	129.84	117.25	90.81	37.29	22.70	8.74	17.57
31-Aug-18	100.65	130.92	117.39	90.34	37.38	22.68	8.75	17.59
3-Sep-18	100.65	130.54	117.20	90.83	37.41	22.72	8.75	17.59
4-Sep-18	100.66	129.61	116.85	90.60	37.42	22.72	8.75	17.59
5-Sep-18	100.72	129.36	116.37	90.53	37.48	22.67	8.74	17.58
6-Sep-18	100.71	130.52	117.02	90.43	37.58	22.71	8.74	17.58
August 31-Sept 6, 2018	100.68	130.19	116.97	90.54	37.46	22.70	8.75	17.58

* Units of currency per Kenya Shilling

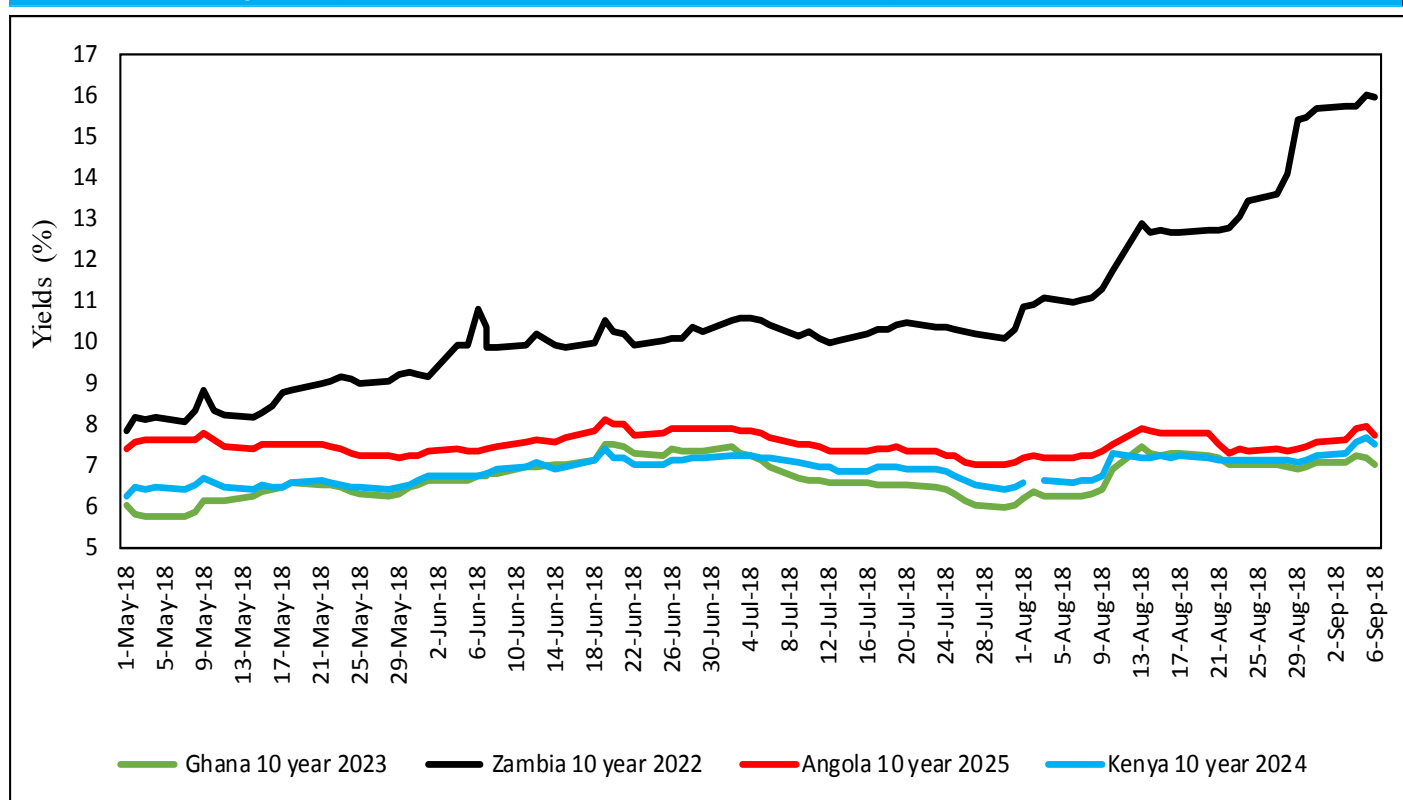
Source :Central Bank of Kenya

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 (%)
24-Aug-18	172.98	4443.70	3296.26	1,115	13.03	506.65	2,556.57	2,290.88	5.079	7.157	7.739	8.665
27-Aug-18	171.33	4372.10	3259.37	1,056	7.98	270.35	2,532.06	2,827.43	5.233	7.165	7.724	8.665
28-Aug-18	173.18	4394.60	3253.09	1,258	28.52	539.91	2,559.59	3,206.74	5.073	7.138	7.701	8.651
29-Aug-18	173.11	4385.15	3248.70	1,091	12.66	399.44	2,558.41	2,097.67	4.896	7.081	7.763	8.651
30-Aug-18	172.29	4363.11	3245.16	1,035	7.21	323.54	2,546.32	2,543.39	5.062	7.160	7.794	8.794
August 24 - 30, 2018	172.29	4363.11	3245.16	5,555	69.39	2,039.89	2,546.32	12,966.11	5.062	7.160	7.794	8.794
31-Aug-18	172.29	4363.11	3245.16	1,035	7.21	323.54	2,546.32	2,543.39	5.219	7.274	7.926	8.900
3-Sep-18	165.92	4215.51	3178.24	884	11.45	440.88	2,452.02	2,767.09	5.091	7.301	7.957	8.952
4-Sep-18	167.34	4249.79	3178.93	1,283	18.84	701.71	2,473.03	2,767.09	5.700	7.575	8.231	9.216
5-Sep-18	165.63	4212.45	3152.17	1,174	14.18	498.63	2,447.72	1,708.01	5.862	7.713	8.373	9.284
6-Sep-18	165.15	4186.16	3128.76	1,086	13.15	409.25	2,440.58	2,207.10	5.338	7.520	8.252	9.157
Aug 31 - Sept 6, 2018	165.15	4186.16	3128.76	5,462	64.82	2,374.01	2,440.58	11,992.68	5.338	7.520	8.252	9.157
Weekly Change (%)	-4.14	-4.06	-3.59	-1.67	-6.59	16.38	-4.15	-7.51	0.28	0.36	0.46	0.36

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

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

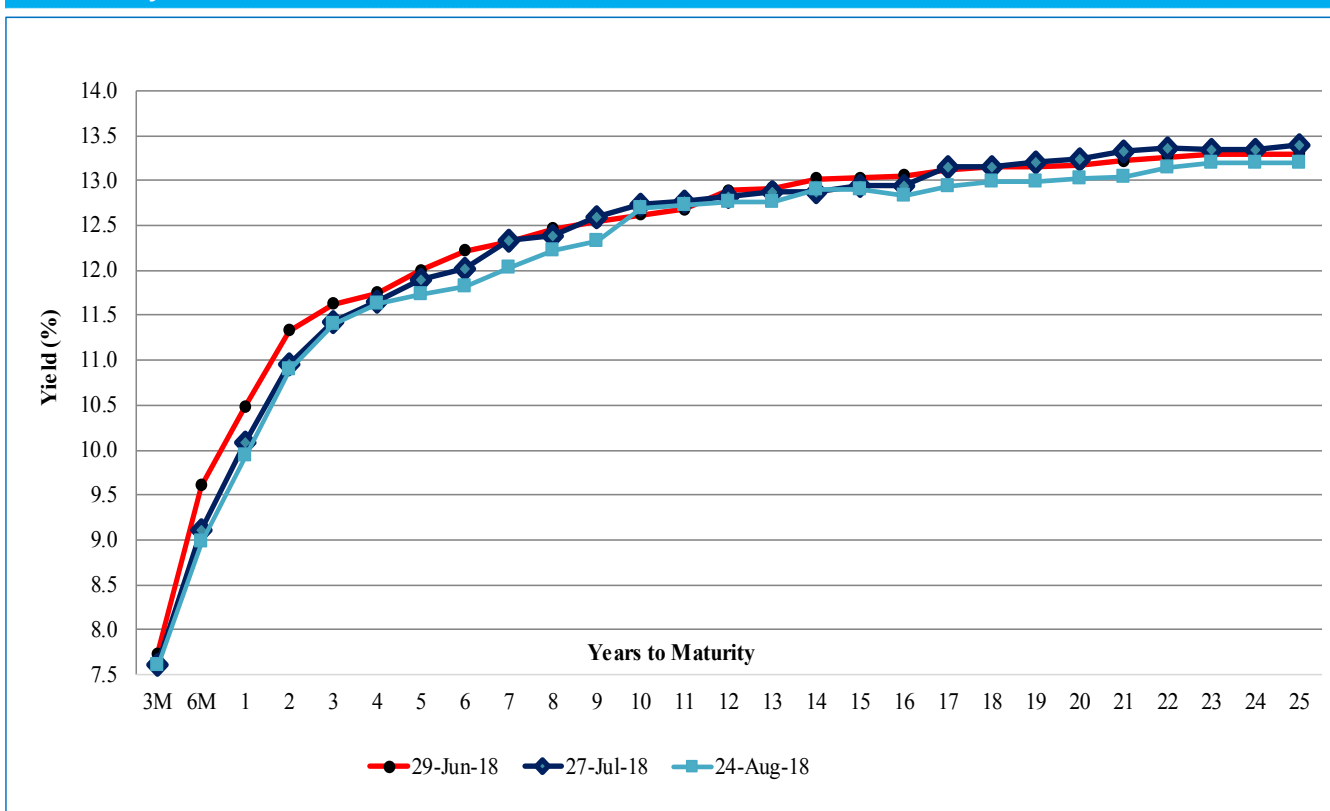
Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	28-Mar-18		25-Apr-18		23-May-18	20-Jun-18	25-Jul-18	22-Aug-18
Tenor	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD1/2018/10
Amount offered (Ksh M)	8,500.0		40,000.0		40,000.0	40,000.0	40,000.0	40,000.0
Bids received (Ksh M)	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	29,825.3
Amount Accepted (Ksh M)	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	19,362.2
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	26,340.1	0.0	0.0
Average interest Rate (%)	12.299	13.336	12.317	13.327	13.078	13.451	13.371	12.686

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	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,154.56	1,934.23	11,583.89	2,559.93
Amount Accepted (Ksh M)	6,154.56	1,934.23	11,583.89	2,559.93
Maturities (Ksh M)	2,987.00	7,889.70	7,369.50	881.25
Average interest Rate (%) - 91 Days	7.664	7.614	7.658	7.649

182-Day Treasury Bills

Date of Auction	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,283.07	9,405.58	8,996.34	12,615.61
Amount Accepted (Ksh M)	7,256.29	7,191.21	6,664.64	9,700.77
Maturities (Ksh M)	11,251.40	8,841.95	14,578.65	12,153.90
Average interest Rate (%) - 182 days	9.005	8.983	8.950	8.876

364-Day Treasury Bills

Date of Auction	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,084.78	17,544.05	21,693.26	20,512.59
Amount Accepted (Ksh M)	10,087.52	13,774.85	14,636.60	15,135.04
Maturities (Ksh M)	12,861.60	13,362.30	16,515.70	10,671.70
Average interest Rate (%) - 364 days	9.984	9.941	9.906	9.825

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18	31-Aug-18
1. Treasury Bills (Excluding Repos)	878.62	946.99	946.22	942.44	930.14	927.97	922.48
(As % of total securities)	36.75	38.73	38.54	38.44	38.19	38.14	37.70
2. Treasury Bonds	1,511.87	1,498.37	1,509.00	1,509.00	1,505.10	1,505.10	1,524.47
(As % of total securities)	63.25	61.27	61.46	61.56	61.81	61.86	62.30
3. Total Securities (1+2)	2,390.49	2,445.36	2,455.22	2,451.44	2,435.24	2,433.07	2,446.94
4. Overdraft at Central Bank	56.85	30.24	-	-	3.89	7.84	15.06
5. Other Domestic debt*	31.44	31.49	31.48	31.48	32.08	32.07	32.08
6. Gross Domestic Debt (3+4+5)	2,478.78	2,507.09	2,486.70	2,482.92	2,471.21	2,472.98	2,494.08

* 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)

	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18	31-Aug-18
Treasury bills (Excluding Repos)	35.4	37.8	38.1	38.0	37.6	37.5	37.0
Treasury bonds	61.0	59.8	60.7	60.8	60.9	60.9	61.1
CBK Overdraft to Govt	2.3	1.2	0.0	0.0	0.2	0.3	0.6
Other domestic debt	1.3	1.3	1.3	1.3	1.3	1.3	1.3
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)

	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18	31-Aug-18
Banking Institutions	55.2	55.7	55.1	55.1	55.2	55.1	55.2
Insurance Companies	6.2	6.1	6.2	6.2	6.2	6.2	6.2
Parastatals	7.0	7.1	7.2	7.3	7.3	7.1	7.1
Pension funds	27.1	26.6	27.0	26.9	26.9	27.2	27.1
Other investors	4.4	4.4	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)

	02-Aug-18	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,761	8,754	8,689	8,676	8,577	8,565
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.84	5.83	5.79	5.78	5.71	5.71

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya