



Central Bank of Kenya

# Weekly Bulletin

September 6, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling depreciated marginally against major international and regional currencies during the week ending September 5. It exchanged at KSh 103.82 per US Dollar on September 5, compared to KSh 103.48 on August 30 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,218 million (5.76 months of import cover) as at September 5. 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).

### Remittances

The remittance inflows amounted to USD 224 million in July 2019 compared to USD 295 million in June 2019. The 12-month cumulative inflows to July 2019 increased to USD 2,778 million from USD 2,501 million in the 12 months to July 2018, reflecting a growth of 11.1 percent (Chart 1). North America, Europe and the Rest of the World accounted for 48 percent, 20 percent and 31 percent, respectively, of the remittances in July 2019.

### Money Market

The money market remained liquid during the week ending September 5, supported by Government payments and net redemption of government securities. The open market operations remained active. Commercial banks' excess reserves stood at KSh 6.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate rose to 5.87 percent on September 5, from 4.73 percent on August 29 while the value traded decreased to KSh 8.2 billion from KSh 11.3 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of September 5 received bids totaling KSh 15.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 62.6 percent. Interest rates on the 91-day and 182-day Treasury bills declined, while that on the 364-day Treasury bills increased (Table 4).

### Equity Market

The number of shares traded at the NSE and the equity turnover increased during the week ending September 5. The shares traded increased by 88.7 percent and the turnover increased by 122.9 percent. However, the NASI, NSE 25 and NSE 20 share price indices declined by 3.1 percent, 2.6 percent and 1.0 percent, respectively. Market capitalization also declined by 3.1 percent (Table 6).

### Bond Market

The value of the bonds traded at the domestic secondary market improved by 59.9 percent during the week ending September 5. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds decreased by 25.0, 23.8, 43.5, 38.4 and 32.9 basis points, respectively (Table 6). Yields on 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

### Global Trends

Global financial markets calmed down towards the end of the week on account of expected resumption of the US-China trade talks, and rejection of a snap election and no brexit deal by the UK Parliament.

International oil prices fell during the week ending September 5 on continued fears of global economic slowdown. The Murban oil prices stood at USD 60.43 per barrel on September 5 from USD 61.17 per barrel on August 29.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Aug-19	103.06	125.83	114.28	96.73	35.81	22.31	8.92	17.98
26-Aug-19	103.18	126.43	114.88	97.41	35.71	22.25	8.89	17.85
27-Aug-19	103.32	126.35	114.22	96.94	35.71	22.28	8.77	17.96
28-Aug-19	103.45	127.07	114.89	97.73	35.66	22.22	8.88	17.83
29-Aug-19	103.48	126.37	114.68	97.70	35.63	22.22	8.88	17.82
<b>August 23-29</b>	<b>103.30</b>	<b>126.41</b>	<b>114.59</b>	<b>97.30</b>	<b>35.71</b>	<b>22.26</b>	<b>8.87</b>	<b>17.89</b>
30-Aug-19	103.55	126.40	114.63	97.29	35.64	22.19	8.88	17.81
2-Sep-19	103.59	126.31	114.40	97.56	35.62	22.22	8.87	17.81
3-Sep-19	103.64	125.22	113.70	97.44	35.56	22.18	8.88	17.80
4-Sep-19	103.83	124.86	113.60	97.79	35.49	22.14	8.87	17.87
5-Sep-19	103.82	126.53	114.42	97.71	35.45	22.13	8.87	17.77
<b>August 30- Sep 5</b>	<b>103.68</b>	<b>125.87</b>	<b>114.15</b>	<b>97.56</b>	<b>35.55</b>	<b>22.17</b>	<b>8.87</b>	<b>17.81</b>

\* Units of currency per Kenya Shilling

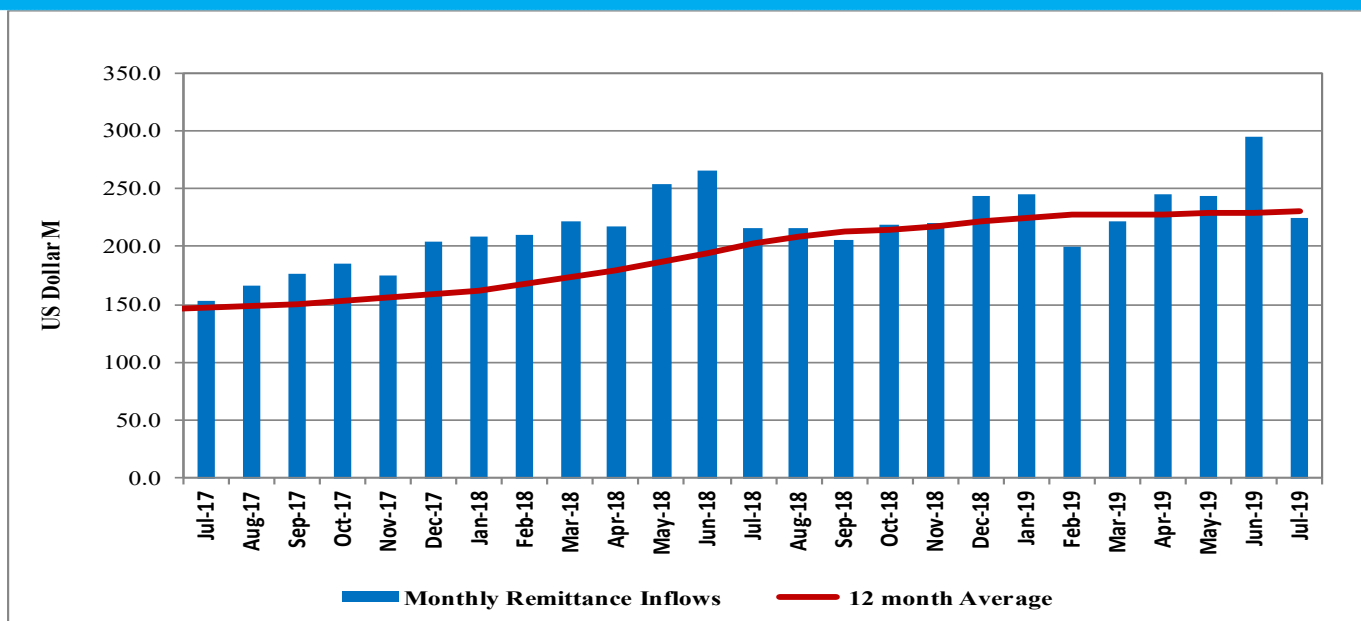
Source: Central Bank of Kenya

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

	01-Aug-19	08-Aug-19	15-Aug-19	22-Aug-19	29-Aug-19	05-Sep-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,490	9,405	9,393	9,386	9,252	9,218
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.04	5.98	5.87	5.87	5.78	5.76

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

Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows (USD Million)**


**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
23-Aug-19	25	8,550	3.67
26-Aug-19	22	10,450	4.23
27-Aug-19	23	10,110	4.41
28-Aug-19	29	11,600	4.60
29-Aug-19	26	15,550	4.73
<b>August 23-29</b>	<b>25</b>	<b>11,252</b>	<b>4.33</b>
30-Aug-19	25	11,150	5.08
2-Sep-19	21	10,470	5.34
3-Sep-19	21	8,550	5.38
4-Sep-19	18	7,500	5.57
5-Sep-19	15	3,110	5.87
<b>August 30-Sept 5</b>	<b>20</b>	<b>8,156</b>	<b>5.44</b>

Source :Central Bank of Kenya

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

Date of Auction	27-Jun-19	15-Aug-19	22-Aug-19	29-Aug-19	05-Sep-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,143.64	2,753.24	5,179.38	5,318.73	5,002.39
Amount Accepted (Ksh M)	4,142.56	2,753.24	5,179.38	5,318.73	5,002.39
Maturities (Ksh M)	983.55	1,994.85	5,922.40	2,370.60	933.50
Average interest Rate (%)	<b>6.738</b>	<b>6.355</b>	<b>6.398</b>	<b>6.385</b>	<b>6.375</b>

**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)	3,519.12	2,939.24	1,224.67	4,821.89	2,795.970
Amount Accepted (Ksh M)	3,519.12	2,939.24	1,195.99	4,821.89	2,795.970
Maturities (Ksh M)	2,696.35	10,104.20	10,348.95	8,025.60	3,989.000
Average interest Rate (%)	<b>7.487</b>	<b>7.052</b>	<b>7.020</b>	<b>7.011</b>	<b>6.995</b>

**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)	52,155.78	15,149.39	10,785.33	8,683.06	7,221.72
Amount Accepted (Ksh M)	23,425.49	15,071.40	8,959.73	7,769.72	7,212.60
Maturities (Ksh M)	19,230.40	11,090.90	15,128.20	16,078.65	16,637.90
Average interest Rate (%)	<b>8.759</b>	<b>9.195</b>	<b>9.248</b>	<b>9.392</b>	<b>9.520</b>

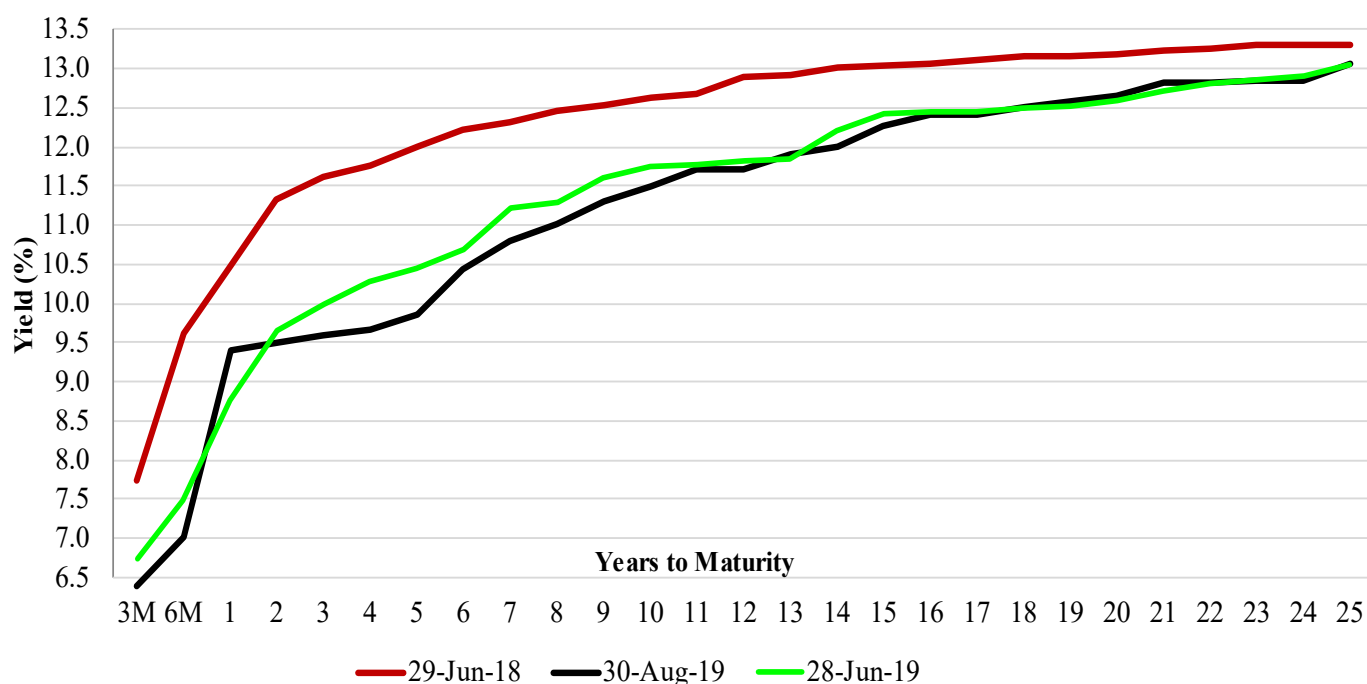
Source: Central Bank of Kenya

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

Date of Auction	13-Jun-19		24-Jul-19	14-Aug-19	
	REOPEN				
Tenor	FXD 1/2012/15	FXD 1/ 2018/15	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20
Amount offered (Ksh M)	40,000.00		40,000.00	50,000.00	
Bids received (Ksh M)	85,615.66		86,674.56	67,441.35	
Amount Accepted (Ksh M)	21,211.35	17,727.97	50,578.30	45,014.80	14,671.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	11.59	12.46	12.34	11.52	12.74

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

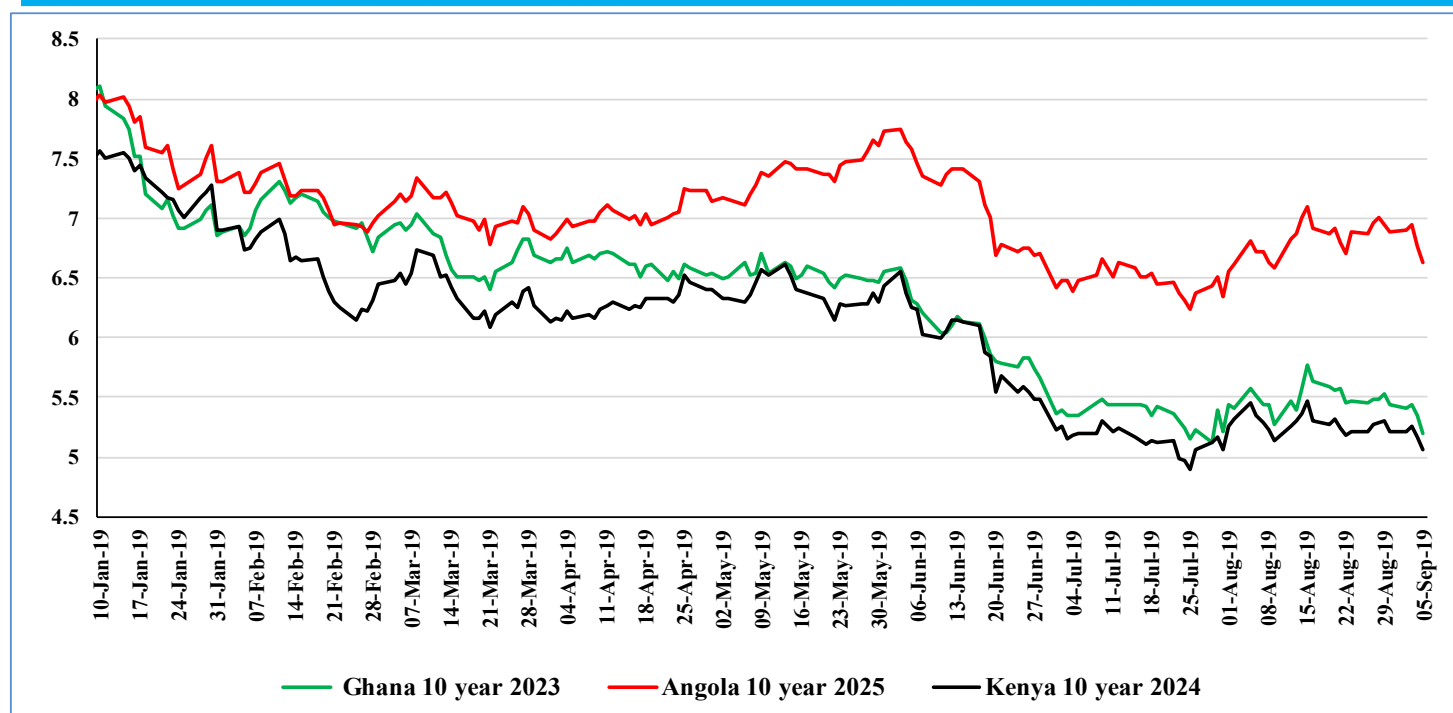
**Table 6: Key Weekly Market Indicators**

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 (%)
23-Aug-19	149.87	3,556.34	2,477.66	912	11.30	146.03	2,290.73	2,006.36	6.167	5.215	6.665	7.338	8.027
26-Aug-19	148.19	3,529.15	2,478.98	862	7.75	102.50	2,231.17	2,976.37	6.129	5.208	6.684	7.276	7.998
27-Aug-19	148.13	3,541.41	2,483.17	871	14.45	587.25	2,230.23	1,770.25	6.167	5.268	6.722	7.353	8.057
28-Aug-19	147.52	3,531.15	2,467.96	874	8.07	156.65	2,221.04	891.56	6.234	5.296	6.760	7.384	8.092
29-Aug-19	148.03	3,535.67	2,469.63	808	7.72	262.04	2,228.70	800.53	6.214	5.299	6.721	7.369	8.075
<b>August 23-29</b>	<b>148.03</b>	<b>3,535.67</b>	<b>2,469.63</b>	<b>4,327</b>	<b>49.29</b>	<b>1,254.47</b>	<b>2,228.70</b>	<b>8,445.06</b>	<b>6.214</b>	<b>5.299</b>	<b>6.721</b>	<b>7.369</b>	<b>8.075</b>
30-Aug-19	147.58	3,521.77	2,467.68	1,096	8.51	277.21	2,221.97	2,516.34	6.140	5.212	6.550	7.291	7.972
2-Sep-19	147.00	3,506.83	2,445.13	827	14.11	382.63	2,213.30	984.41	6.094	5.212	6.557	7.260	7.971
3-Sep-19	142.19	3,442.01	2,457.70	1,186	13.75	585.76	2,140.56	2,675.81	6.153	5.264	6.607	7.306	7.992
4-Sep-19	143.16	3,451.00	2,429.06	1,016	28.86	811.39	2,155.25	4,441.00	6.089	5.176	6.436	7.152	7.873
5-Sep-19	143.46	3,443.31	2,444.54	851	27.76	738.76	2,159.75	2,883.57	5.964	5.061	6.286	6.985	7.746
<b>August 30-Sept 5</b>	<b>143.46</b>	<b>3443.31</b>	<b>2444.54</b>	<b>4,976</b>	<b>92.99</b>	<b>2,795.76</b>	<b>2,159.75</b>	<b>13,501.13</b>	<b>5.964</b>	<b>5.061</b>	<b>6.286</b>	<b>6.985</b>	<b>7.746</b>
<b>Weekly Changes (%)</b>	<b>-3.09</b>	<b>-2.61</b>	<b>-1.02</b>	<b>15.00</b>	<b>88.65</b>	<b>122.86</b>	<b>-3.09</b>	<b>59.87</b>	<b>-0.250*</b>	<b>-0.238*</b>	<b>-0.435*</b>	<b>-0.384*</b>	<b>-0.329*</b>

\*Percentage points

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

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



Source: Thomson Reuters

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

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	23-Aug-19	30-Aug-19
1. Treasury Bills (Excluding Repos)	904.10	949.66	954.25	952.98	963.09	947.89
(As % of total securities)	36.90	36.04	35.31	35.28	34.33	33.97
2. Treasury Bonds	1,546.29	1,685.02	1,748.15	1,748.15	1,842.38	1,842.38
(As % of total securities)	63.10	63.96	64.69	64.72	65.67	66.03
3. Total Securities (1+2)	2,450.39	2,634.67	2,702.40	2,701.13	2,805.47	2,790.26
4. Overdraft at Central Bank	45.86	36.90	57.33	64.52	61.19	59.55
5. Other Domestic debt*	31.61	31.37	25.76	25.76	25.46	25.69
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,527.86</b>	<b>2,702.93</b>	<b>2,785.48</b>	<b>2,791.42</b>	<b>2,892.11</b>	<b>2,875.50</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)**

	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	23-Aug-19	30-Aug-19
Treasury bills (Excluding Repos)	35.77	35.12	34.26	34.13	33.30	32.96
Treasury bonds	61.17	62.34	62.78	62.63	63.71	64.08
CBK Overdraft to Government	1.81	1.36	2.06	2.31	2.12	2.07
Other domestic debt	1.25	1.18	0.91	0.92	0.88	0.89
<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>

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

	<b>28-Dec-18</b>	<b>29-Mar-19</b>	<b>28-Jun-19</b>	<b>26-Jul-19</b>	<b>23-Aug-19</b>	<b>30-Aug-19</b>
Banking Institutions	54.53	54.88	54.37	54.57	54.24	54.35
Insurance Companies	6.06	6.16	6.13	6.11	6.15	6.18
Parastatals	7.25	7.10	6.98	7.00	7.06	6.98
Pension funds	27.59	27.49	28.24	28.05	28.33	28.19
Other investors	4.57	4.37	4.28	4.27	4.22	4.29
<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>

Source: Central Bank of Kenya

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

	<b>Sep-18</b>	<b>Dec-18</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
Domestic debt (KSh Billion)	2,540.70	2,548.77	2,699.09	2,741.68	2,773.06	2,785.94
Public & Publicly Guaranteed External debt (US \$ Billion)	25.81	26.74	27.01	28.04	27.97	29.55
Public & Publicly Guaranteed External debt (KSh Billion)	2,605.33	2,723.73	2,721.60	2,842.48	2,834.84	3,023.14
<b>Total public debt (KSh Billion)</b>	<b>5,146.04</b>	<b>5,272.50</b>	<b>5,420.68</b>	<b>5,584.16</b>	<b>5,607.91</b>	<b>5,809.08</b>

Source: National Treasury and Central Bank of Kenya