



Central Bank of Kenya

Weekly Bulletin

June 14, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 13. It exchanged at KSh 101.39 per US Dollar on June 13, compared to KSh 101.35 on June 6 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 10,083 million (6.4 months of import cover) as at June 13. 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 13, supported by government payments, which offset tax remittances during the week. Commercial banks' excess reserves stood at KSh 15.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 3.31 percent on June 13 from 4.16 percent on June 06. The average number of interbank deals declined to 13 from 16 the previous week, while the value traded decreased to KSh 3.48 billion from KSh 7.84 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of June 13 received bids totaling KSh 31.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 130.6 percent. Interest rates on the 91-day and 364-day Treasury bills declined, while the interest rate on the 182-day Treasury bill rose marginally (Table 4).

The Treasury bonds auction of June 12, for the re-opening of two 15-year fixed rate bonds, received

bids totaling KSh 85.6 billion against an advertised amount of KSh 40.0 billion, representing a performance of 214.0 percent (Table 5). The interest rates on the two bonds declined compared to those of the previous issuance of similar securities.

Equity Market

Trading activity at the NSE improved during the week ending June 13. The NSE 20 Share index, deals transacted, shares traded, and equity turnover increased by 0.39 percent, 26.61 percent, 40.15 percent, and 54.05 percent, respectively. However, the NASI, NSE 25 share price index and market capitalisation declined by 0.52 percent, 0.27 percent and 0.52 percent, respectively (Table 6).

Bonds Market

The volume of bonds traded in the domestic secondary market increased by 15.62 percent during the week ending June 13. In the international market, yields of Kenya's 5-year, 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year eurobonds declined by 20.3, 7.2, 9.1, 8.2, 22.5, 4.5 basis points, respectively (Table 6). The yields of 10-year eurobonds for Ghana and Angola also declined during the week (Chart 2).

Global Trends

The global financial markets remained unsettled during the week ending June 14 on heightened geopolitical tensions. Brexit uncertainties also remained as all the leading contenders for the position of UK Prime Minister within the Conservative party pledged to deliver Brexit by October 31 with or without a deal.

International oil prices edged up during the week amidst attacks on two oil tankers in the Middle East. The Murban oil prices stood at USD 61.46 per barrel on June 13 from USD 60.87 per barrel on June 6.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
31-May-19	101.36	127.96	112.81	93.00	37.18	22.64	8.97	18.10
3-Jun-19	101.29	127.47	113.02	93.11	37.12	22.71	8.97	18.11
4-Jun-19	101.28	128.02	113.33	93.88	37.20	22.69	8.98	18.12
5-Jun-19	Public Holiday							
6-Jun-19	101.35	128.53	113.78	93.67	37.15	22.69	8.97	18.11
May 31- June 6	101.32	128.00	113.23	93.41	37.16	22.68	8.97	18.11
7-Jun-19	101.30	128.60	114.01	93.41	37.24	22.69	8.98	18.12
10-Jun-19	101.21	128.76	114.38	93.65	37.20	22.71	8.98	18.38
11-Jun-19	101.28	128.46	114.53	93.27	37.18	22.69	8.98	18.12
12-Jun-19	101.38	129.03	114.76	93.56	36.99	22.67	8.97	18.11
13-Jun-19	101.39	129.10	114.76	93.58	36.94	22.67	8.83	18.14
June 7-13	101.31	128.79	114.49	93.49	37.11	22.68	8.95	18.17

* Units of currency per Kenya Shilling

Source :CBK

Table 2: Official Usable Foreign Exchange Reserves

	09-May-19	16-May-19	23-May-19	30-May-19	06-Jun-19	13-Jun-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,070	8,009	7,981	10,062	10,065	10,083
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.19	5.15	5.08	6.40	6.40	6.41

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

Source: CBK

Table 3: Money Market

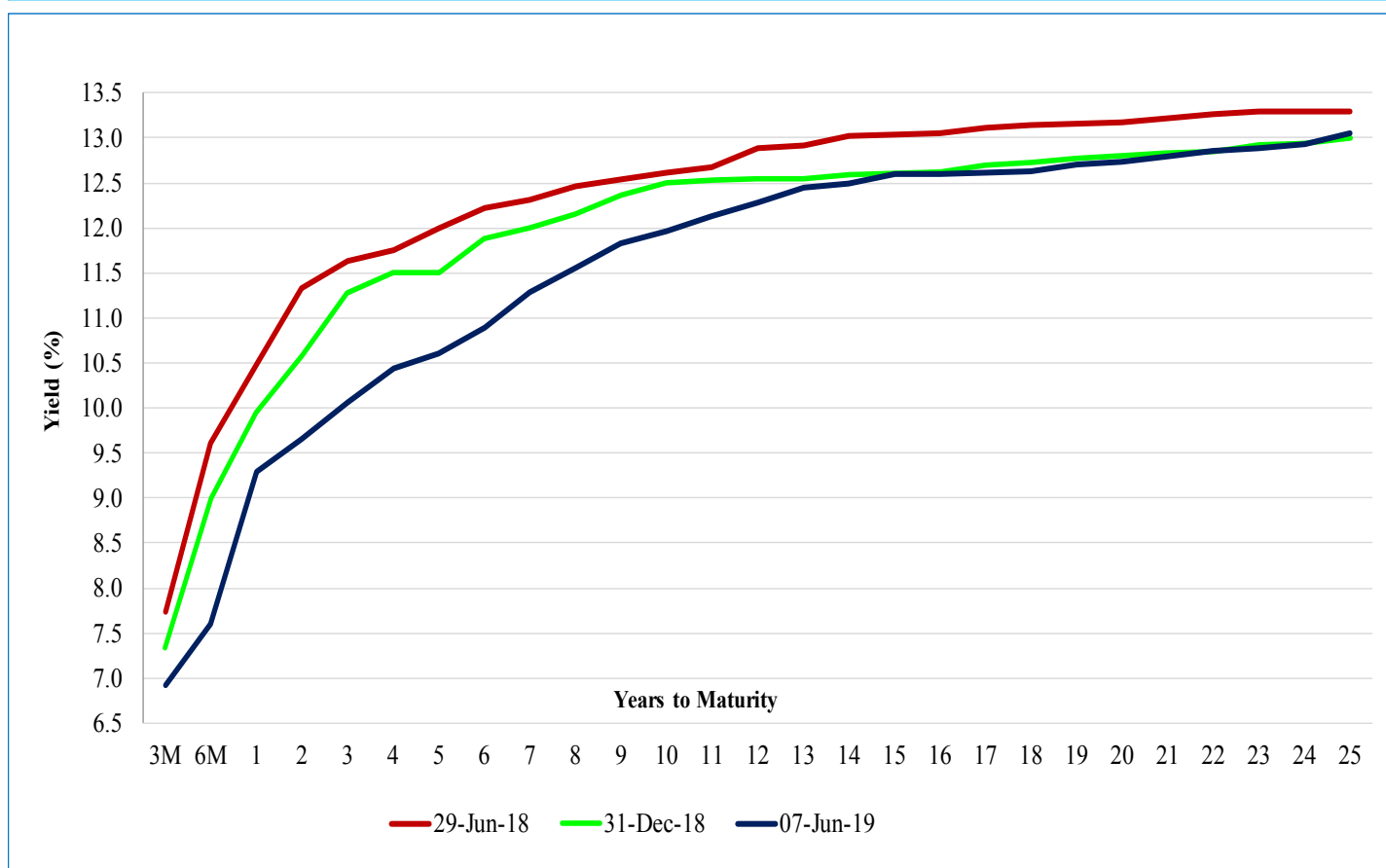
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
31-May-19	12	8,500	4.08
3-Jun-19	16	9,750	3.77
4-Jun-19	19	8,600	3.89
5-Jun-19	Public Holiday		
6-Jun-19	16	4,515	4.16
May 31-June 6, 2019	16	7,841	3.98
7-Jun-19	10	1,200	4.38
10-Jun-19	15	5,900	3.69
11-Jun-19	15	4,630	3.03
12-Jun-19	12	2,930	3.26
13-Jun-19	14	2,750	3.31
June 7-13, 2019	13	3,482	3.53

Source :CBK

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	28-Mar-19	25-Apr-19	30-May-19	06-Jun-19	13-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	905.39	1,067.06
Amount Accepted (Ksh M)	966.23	7,454.68	2,334.39	905.39	1,067.06
Maturities (Ksh M)	1,044.15	5,024.95	2,927.95	431.40	3,107.80
Average interest Rate (%)	7.500	7.298	6.995	6.915	6.895
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	810.08	2,851.11
Amount Accepted (Ksh M)	5,908.18	14,120.79	2,462.80	810.08	2,851.11
Maturities (Ksh M)	5,245.70	3,129.85	4,516.50	1,027.05	1,663.85
Average interest Rate (%)	8.204	8.006	7.651	7.606	7.723
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	26,112.92	27,418.49
Amount Accepted (Ksh M)	23,655.49	4,466.63	23,511.75	12,633.64	7,082.00
Maturities (Ksh M)	6,923.80	10,080.10	9,351.95	8,683.35	11,940.30
Average interest Rate (%)	9.408	9.315	9.311	9.297	9.263

Source: CBK

Chart 1: 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: CBK

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)	5-Year Euro- bond Yield (%)	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 (%)
31-May-19	149.92	3616.38	2676.92	930.00	16.63	413.92	2,268.32	4,988.69	5.743	7.269	6.433	7.746	8.280	8.838
3-Jun-19	150.46	3619.42	2678.52	718.00	14.82	390.66	2,276.42	2,125.12	5.743	7.332	6.550	7.910	8.361	8.902
4-Jun-19	151.08	3641.80	2703.33	983.00	13.89	409.46	2,285.87	2,399.85	8.169	7.166	6.375	7.706	8.259	8.775
5-Jun-19	PUBLIC HOLIDAY								5.744	7.063	6.259	7.585	8.026	8.614
6-Jun-19	151.22	3656.19	2710.23	1010.00	14.17	352.67	2,288.01	4,502.70	5.218	7.044	6.234	7.534	8.026	8.617
May 31-Jun 6, 2019	151.22	3656.19	2710.23	3,641.00	59.51	1,566.70	2,288.01	14,016.36	5.218	7.044	6.234	7.534	8.026	8.617
7-Jun-19	150.47	3649.06	2700.46	936	9.00	154.00	2,276.66	4,721.68	5.719	6.860	6.029	7.326	7.868	8.470
10-Jun-19	150.04	3641.86	2691.46	872	5.09	121.02	2,270.13	2,689.97	6.011	6.817	6.000	7.208	7.801	8.422
11-Jun-19	150.22	3633.43	2683.67	1,054	12.04	370.10	2,272.84	3,990.16	5.079	6.888	6.057	7.326	7.801	8.470
12-Jun-19	150.46	3640.53	2700.35	1,092	37.29	1,679.80	2,276.50	3,108.90	5.015	6.957	6.142	7.425	7.801	8.518
13-Jun-19	150.44	3646.40	2720.97	1,007	36.03	1,084.60	2,276.18	2,100.60	5.015	6.972	6.143	7.452	7.801	8.572
June 7-Jun 13, 2019	150.44	3646.40	2720.97	4,961.00	99.44	3,409.52	2,276.18	16,611.31	5.015	6.972	6.143	7.452	7.801	8.572
Weekly Changes (%)	-0.52	-0.27	0.39	26.61	40.15	54.05	-0.52	15.62	-0.203*	-0.072*	-0.091*	-0.082*	-0.225*	-0.045*

* Percentage points

Source: CBK, NSE and Thompson Reuters

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

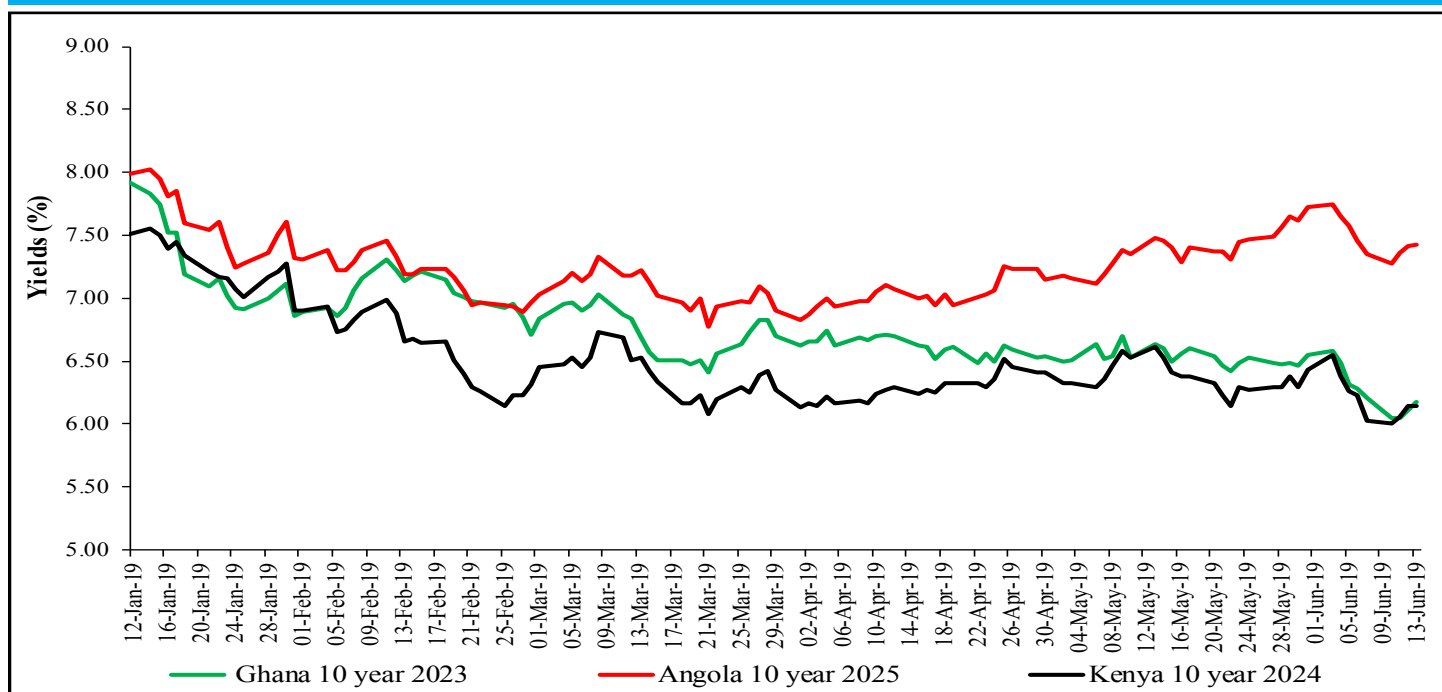


Table 7: Government Domestic Debt (KSh Billion)

	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	07-Jun-19
1. Treasury Bills (Excluding Repos)	867.51	904.10	949.66	994.76	965.63	976.23
<i>(As % of total securities)</i>	37.14	36.90	36.04	37.01	35.61	35.86
2. Treasury Bonds	1,468.50	1,546.29	1,685.66	1,692.89	1,746.21	1,746.21
<i>(As % of total securities)</i>	62.86	63.10	63.96	62.99	64.39	64.14
3. Total Securities (1+2)	2,336.00	2,450.39	2,635.31	2,687.65	2,711.84	2,722.44
4. Overdraft at Central Bank	36.29	45.86	36.90	14.44	35.97	24.65
5. Other Domestic debt*	168.54	31.61	26.88	26.88	31.45	34.47
6. Gross Domestic Debt (3+4+5)	2,540.83	2,527.86	2,699.09	2,728.97	2,779.26	2,781.56

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: CBK

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	07-Jun-19
Treasury bills (Excluding Repos)	34.14	35.77	35.12	36.45	34.74	35.10
Treasury bonds	57.80	61.17	62.34	62.03	62.83	62.78
CBK Overdraft to Government	1.43	1.81	1.36	0.53	1.29	0.89
Other domestic debt	6.63	1.25	1.18	0.99	1.13	1.24
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: CBK

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

	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	07-Jun-19
Banking Institutions	54.97	54.53	54.88	52.50	54.22	54.39
Insurance Companies	6.07	6.06	6.16	6.50	6.18	6.17
Parastatals	7.32	7.25	7.10	7.11	7.08	7.07
Pension funds	27.12	27.59	27.49	27.49	28.22	28.07
Other investors	4.52	4.57	4.37	6.41	4.30	4.29
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: CBK

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 CBK