



Central Bank of Kenya

Weekly Bulletin

July 19, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 18. It exchanged at KSh 103.06 per US Dollar on July 18, compared to KSh 102.92 on July 11 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,747 million (6.2 months of import cover) as at July 18. 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).

Remittance

The remittance inflows rose to an all-time high in June 2019 amounting to USD 295 million compared to USD 243 million in May. The 12-month cumulative inflows to June 2019 increased to USD 2,768 million from USD 2,438 million in the 12 months to June 2018, reflecting a 13.6 percent growth (Chart 1). North America, Europe and the Rest of the World accounted for 38 percent, 32 percent and 30 percent, respectively, of the remittances in June 2019 (Chart 1).

Money Market

The money market was relatively liquid during the week ending July 18, largely supported by Government payments, which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 8.96 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased to 2.00 percent on July 18 from 2.38 percent on July 11. The average number of interbank deals remained the same during the two weeks while the value traded increased to KSh 9.8 billion from KSh 6.85 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of July 18 received bids totaling KSh 26.0 billion against an advertised amount of KSh 24.0

billion, representing a performance of 108.4 percent. Interest rates on the 91-day and 182-day Treasury bill tenures declined while that on the 364-day Treasury bill increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange (NSE), total shares, total deals, NASI and market capitalization increased by 10.62 percent, 2.90 percent, and 0.13 percent, respectively. However, the equity turnover, NSE 25 Share Index and NSE 20 share index declined by 7.12 percent, 0.66 percent and 0.38 percent, respectively (Table 6).

Derivatives Market

The total volume of futures contracts settled at the NSE Derivatives Market (NEXT) during the week ending July 18 declined to 7 that were valued at KSh 416,580 compared to 47 futures contracts valued at KSh 2,401,440 in the previous week.

Bonds Market

The trading activity in the secondary domestic bond market increased by 25.20 percent during the week ending July 18. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds decreased by 4.3, 7.8, 5.5, 13.9 and 4.7 basis points, respectively (Table 6). The yields on 10-year Eurobonds for Ghana and Angola also decreased during the week (Chart 3).

Global Trends

Global markets reacted positively to the passing of a legislation by UK Parliament preventing the next Prime Minister from pursuing a no-deal Brexit. However, there are still concerns in the global markets about the outlook for corporate earnings and global trade.

International oil prices declined during the week following an increase in U.S gasoline stocks and lower than expected US oil demand. Murban oil price decreased to US\$ 64.00 per barrel on July 18 from US\$ 67.33 per barrel on July 11.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
5-Jul-19	102.63	129.09	115.76	95.20	36.02	22.40	8.90	17.91
8-Jul-19	102.61	128.25	115.11	94.73	36.06	22.42	8.90	17.91
9-Jul-19	102.69	128.47	115.20	94.52	36.03	22.40	8.90	17.90
10-Jul-19	102.75	128.15	115.18	94.46	35.96	22.37	8.89	17.89
11-Jul-19	102.92	128.57	115.61	94.77	35.82	22.33	8.88	17.86
July 5-11	102.72	128.51	115.37	94.74	35.98	22.38	8.89	17.89
12-Jul-19	102.92	129.24	115.97	95.02	35.90	22.35	8.88	17.86
15-Jul-19	102.95	129.15	115.87	95.30	35.89	22.34	8.88	17.85
16-Jul-19	103.03	129.29	116.13	95.51	35.82	22.32	8.87	17.85
17-Jul-19	103.05	128.27	115.68	95.22	35.86	22.31	8.87	17.84
18-Jul-19	103.06	127.89	115.60	95.69	35.83	22.32	8.88	17.85
July 12-18	103.00	128.77	115.85	95.35	35.86	22.33	8.88	17.85

* Units of currency per Kenya Shilling

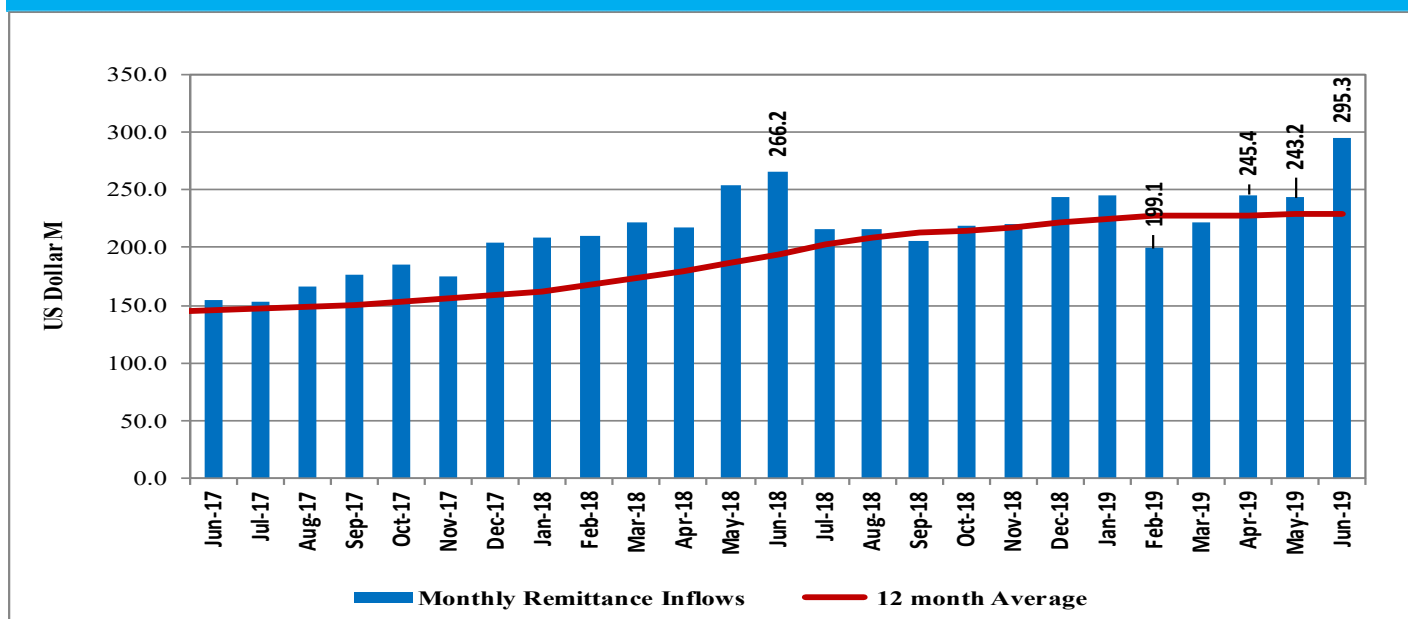
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	13-Jun-19	20-Jun-19	27-Jun-19	04-Jul-19	11-Jul-19	18-Jul-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	10,083	9,153	9,131	9,023	9,765	9,747
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.41	5.82	5.81	5.74	6.21	6.20

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

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
5-Jul-19	12	3,760	2.30
8-Jul-19	11	4,250	2.38
9-Jul-19	9	4,850	2.10
10-Jul-19	17	7,770	2.39
11-Jul-19	16	13,625	2.38
July 05- July 11	13	6,851	2.31
12-Jul-19	23	14,400	2.44
15-Jul-19	12	10,700	2.19
16-Jul-19	12	10,150	2.20
17-Jul-19	10	7,200	2.07
18-Jul-19	9	6,550	2.00
July 12- July 17	13	9,800	2.18

Source :Central Bank of Kenya

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

Date of Auction	28-Mar-19	30-May-19	27-Jun-19	11-Jul-19	18-Jul-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	2,334.49	4,143.64	3,243.58	7,502.36
Amount Accepted (Ksh M)	966.23	2,334.39	4,142.56	3,243.58	7,502.36
Maturities (Ksh M)	1,044.15	2,927.95	983.55	4,988.20	4,215.85
Average interest Rate (%)	7.500	6.995	6.738	6.600	6.498

182-Day Treasury Bills

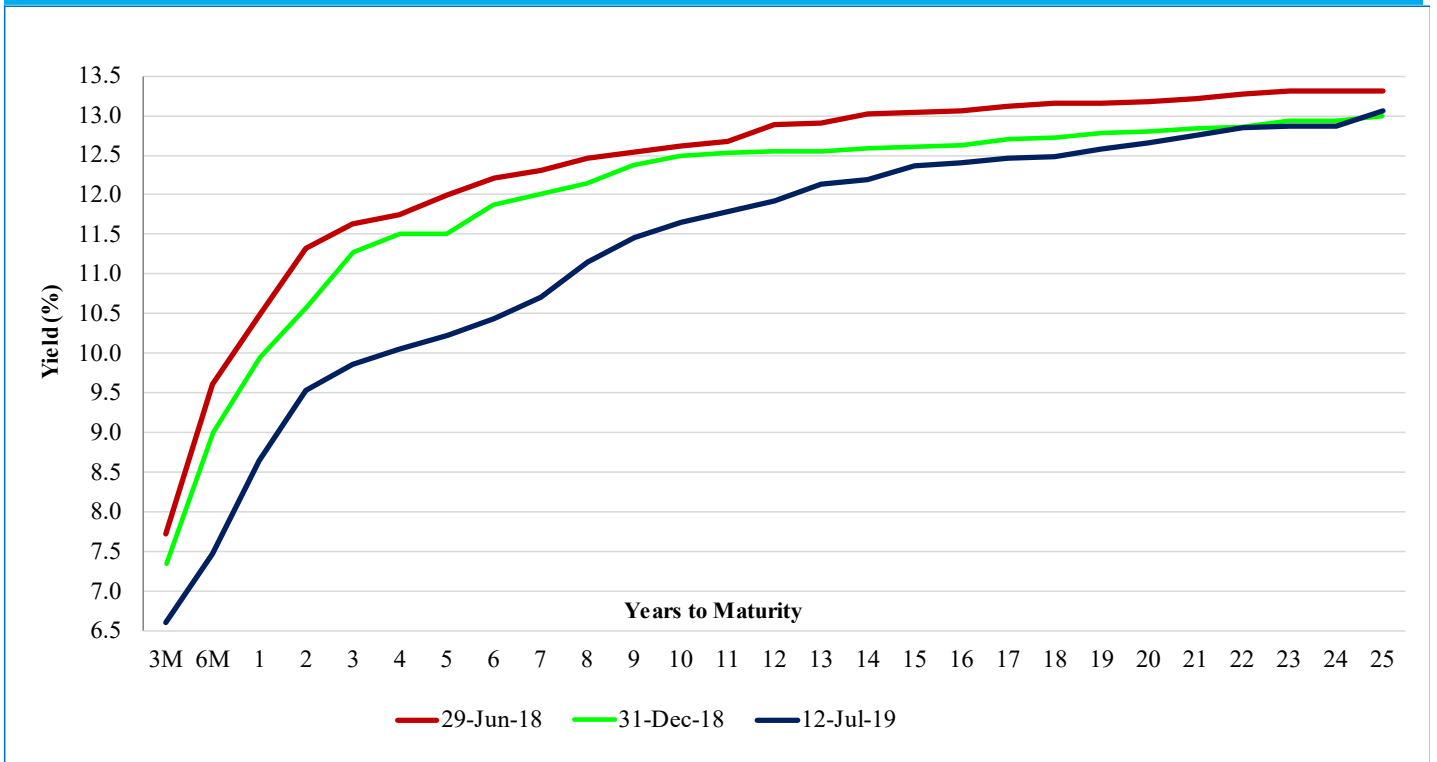
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,343.75	2,465.66	3,519.12	11,114.43	6,965.72
Amount Accepted (Ksh M)	5,908.18	2,462.80	3,519.12	11,114.43	6,965.72
Maturities (Ksh M)	5,245.70	4,516.50	2,696.35	19,598.60	13,694.10
Average interest Rate (%)	8.204	7.651	7.487	7.469	7.358

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	26,261.69	52,155.78	29,772.40	11,556.52
Amount Accepted (Ksh M)	23,655.49	23,511.75	23,425.49	29,772.40	10,632.22
Maturities (Ksh M)	6,923.80	9,351.95	19,230.40	21,569.10	23,504.05
Average interest Rate (%)	9.408	9.311	8.759	8.595	8.785

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	20-Mar-19		10-Apr-19		8-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

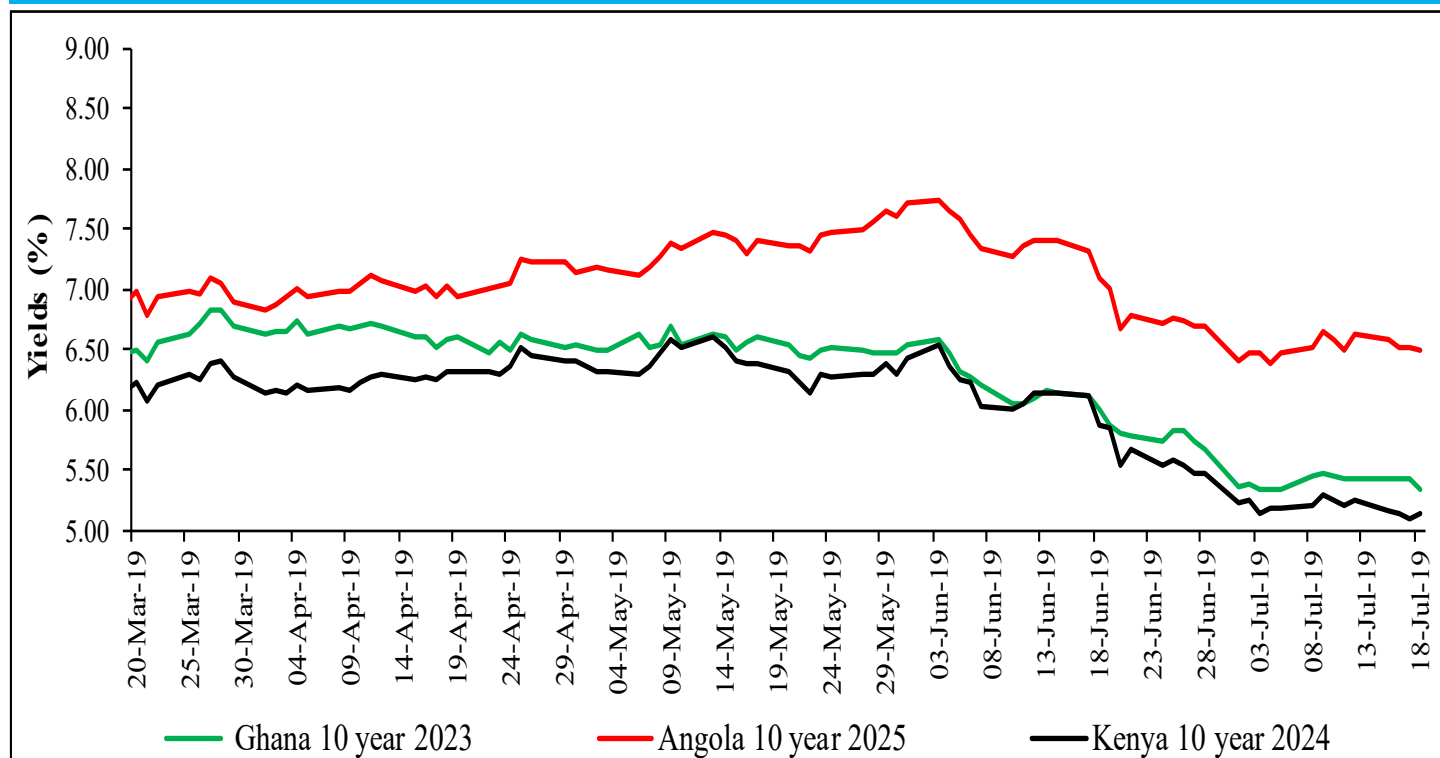
Table 6: Key Weekly Market Indicators

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 (%)
5-Jul-19	149.80	3618.86	2665.15	728.00	20.45	727.09	2,281.63	6,185.11	6.167	5.197	6.502	7.159	7.799
8-Jul-19	148.88	3599.81	2660.48	899.00	10.75	276.14	2,267.49	3,316.67	6.245	5.203	6.595	7.235	7.862
9-Jul-19	147.43	3581.13	2664.40	822.00	16.63	626.38	2,245.27	3,831.66	6.285	5.306	6.651	7.312	7.948
10-Jul-19	148.86	3607.35	2670.91	1,057.00	16.85	559.11	2,267.13	3,516.31	6.265	5.254	6.613	7.266	7.905
11-Jul-19	149.06	3621.97	2686.94	840.00	8.30	523.17	2,270.31	1,875.66	6.220	5.216	6.569	7.266	7.835
June 28- July 1	149.06	3621.97	2686.94	4,346.00	72.99	2,711.88	2,270.31	18,725.41	6.220	5.216	6.569	7.266	7.835
12-Jul-19	149.73	3,627.53	2677.90	942.00	10.91	526.90	2,280.51	2,735.24	6.264	5.247	6.613	7.265	7.884
15-Jul-19	148.95	3,608.74	2683.62	787.00	12.95	207.27	2,268.58	5,958.31	6.224	5.162	6.594	7.219	7.852
16-Jul-19	149.14	3,599.18	2670.13	916.00	9.89	266.80	227.16	5,201.49	6.184	5.134	6.535	7.173	7.830
17-Jul-19	149.80	3,608.14	2678.73	963.00	24.36	779.44	2,281.69	5,484.03	6.164	5.105	6.500	7.128	7.773
18-Jul-19	149.25	3,598.09	2676.71	864.00	22.64	738.47	2,273.19	4,066.06	6.177	5.138	6.514	7.127	7.788
July 5-July 11	149.25	3598.09	2676.71	4,472.00	80.74	2,518.87	2,273.19	23,445.13	6.177	5.138	6.514	7.127	7.788
Weekly Changes (%)	0.13	-0.66	-0.38	2.90	10.62	-7.12	0.13	25.20	-0.043*	-0.078*	-0.055*	-0.139*	-0.047*

*Percentage points, ** Matures on June 24, 2019, thus closed from trading

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-Dec-18	29-Mar-19	31-May-19	28-Jun-19	05-Jul-19	12-Jul-19
1. Treasury Bills (Excluding Repos)	904.10	949.66	965.63	954.25	967.35	967.35
(As % of total securities)	36.90	36.04	35.61	35.31	35.62	35.62
2. Treasury Bonds	1,546.29	1,685.02	1,745.76	1,748.15	1,748.15	1,748.15
(As % of total securities)	63.10	63.96	64.39	64.69	64.38	64.38
3. Total Securities (1+2)	2,450.39	2,634.67	2,711.39	2,702.40	2,715.50	2,715.50
4. Overdraft at Central Bank	45.86	36.90	35.97	57.33	49.60	49.60
5. Other Domestic debt*	31.61	31.37	25.26	25.76	25.73	25.73
6. Gross Domestic Debt (3+4+5)	2,527.86	2,702.93	2,772.61	2,785.48	2,790.82	2,790.82

* 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-Dec-18	29-Mar-19	28-Jun-19	05-Jul-19	12-Jul-19
Treasury bills (Excluding Repos)	35.45	35.77	35.12	34.26	34.63	34.66
Treasury bonds	60.99	61.17	62.34	62.78	62.70	62.65
CBK Overdraft to Government	2.29	1.81	1.36	2.06	1.78	1.78
Other domestic debt	1.27	1.25	1.18	0.91	0.89	0.92
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)

	29-Jun-18	28-Dec-18	29-Mar-19	28-Jun-19	05-Jul-19	12-Jul-19
Banking Institutions	55.19	54.53	54.88	54.37	54.12	54.12
Insurance Companies	6.23	6.06	6.16	6.13	6.13	6.12
Parastatals	7.04	7.25	7.10	6.98	6.98	7.02
Pension funds	27.09	27.59	27.49	28.24	28.45	28.46
Other investors	4.44	4.57	4.37	4.28	4.32	4.28
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