

Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

December 22, 2017

Liquidity improved in the money market during the week ending December 20, 2017 due to increased government payments and net redemption of government securities. The improved liquidity in the market resulted in higher volumes of interbank trade.

The Kenya shilling exchange rate remained stable against the US Dollar during the week ending December 21, 2017.

The capital market recorded mixed performance in the week ending December 21, 2017, with leading indicators in the equities market recording losses and bond market indicators recording gains.

Monetary Policy Operations

The money market was liquid during the week ending December 20, 2017 boosted by net redemptions of government securities. Government payments and redemption of Treasury Bills and interest on Treasury bonds resulted in a liquidity injection of KSh 57.4 billion. The liquidity injections were partially offset by tax remittances of KSh 20.6 billion and issuances of government securities worth KSh 24.6 billion (**Table 1**).

The commercial banks' excess reserves above 5.25 per cent averaging requirement increased to 15.8 billion from KSh 7.4 billion the previous week (**Chart 1**).

The Interbank Market

Activity in the interbank market remained relatively stable during the week ending December 20, 2017 as liquidity increased following the start of the CRR cycle. The volumes traded in the interbank market increased to an average of KSh 22.5 billion from KSh 19.9 billion in the previous week, while the number of deals increased slightly to an average of 46 from the previous week's average of 43. The weighted average interbank rate continued on a downward trend, decreasing to 6.62 per cent from 6.97 per cent in the previous week (**Table 2 and Chart 2**).

Kenya Shilling Exchange Rate

The Kenya shilling exchange rate remained stable against the US Dollar during the week ending December 21, 2017. The shilling, however, weakened marginally against the Sterling pound, the Euro and the Japanese

Yen. In the EAC region, the shilling strengthened against the Burundi and Rwanda Franc and weakened against the Tanzania and Uganda shilling (**Table 3**).

Equity Market

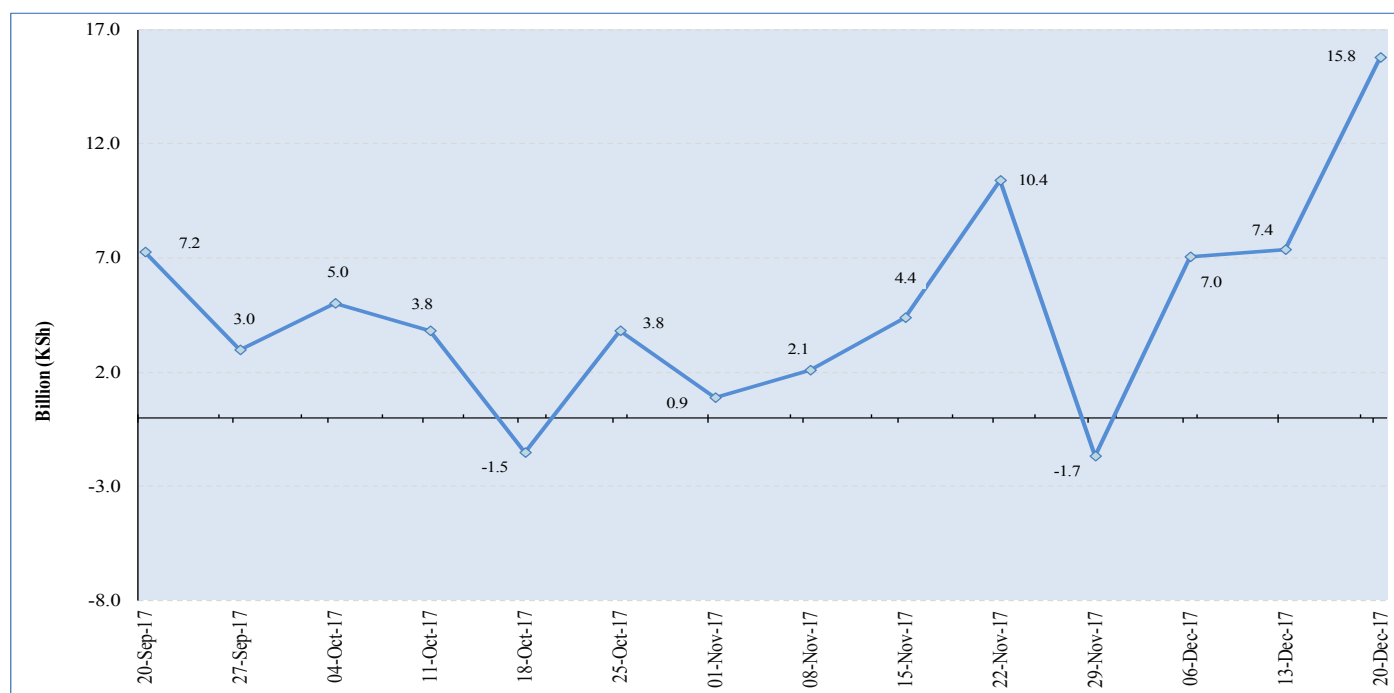
Trading activity in the equities market declined across most of the leading indicators, with the NASI, NSE 25 and NSE 20 Share Indices losing 0.88 per cent, 0.56 per cent and 0.29 per cent, respectively. Consequently, the shareholders' wealth, as measured by market capitalization reduced by 0.88 per cent (**Table 4**).

Bond Market and Eurobond Yields

The volume of bonds traded increased by 103.18 per cent in the week ending December 21, 2017, with investors shifting towards fixed-income assets. The yields on Kenya's 5-year and 10-year Eurobonds declined by 0.11 and 0.07 percentage points, respectively, reflecting investors' positive market perception of the two maturities (**Table 4**).

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Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (KSh Billion)

	14-Dec-17	15-Dec-17	18-Dec-17	19-Dec-17	20-Dec-17	Total
Liquidity Flows						
Total liquidity injection ¹	6.0	4.3	37.7	3.9	5.6	57.45
Repos Maturities	0.0	0.0	0.6	0.0	0.0	0.6
Reverse Repo Purchases	0.0	0.0	2.4	0.7	0.0	3.1
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	22.3	0.0	0.0	22.3
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	10.4	0.0	0.0	10.4
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	6.0	4.3	2.0	3.2	5.6	21.0
Total liquidity reduction ¹	2.1	3.1	29.7	7.8	5.6	48.29
T/bills (Primary issues)	0.0	0.0	14.6	0.0	0.0	14.6
Tbonds Sales	0.0	0.0	10.0	0.0	0.0	10.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	0.0	2.4	0.7	0.0	3.1
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.1	3.1	2.7	7.1	5.6	20.6
Net liquidity injection (+)/Withdrawal (-)	3.9	1.2	8.0	-3.8	0.0	9.2
Open Market Operations Outcome						
Posted Amount	0.0	0.0	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	434.0	434.6	443.7	438.4	439.5	

¹ Only main transactions increasing or reducing liquidity are included.

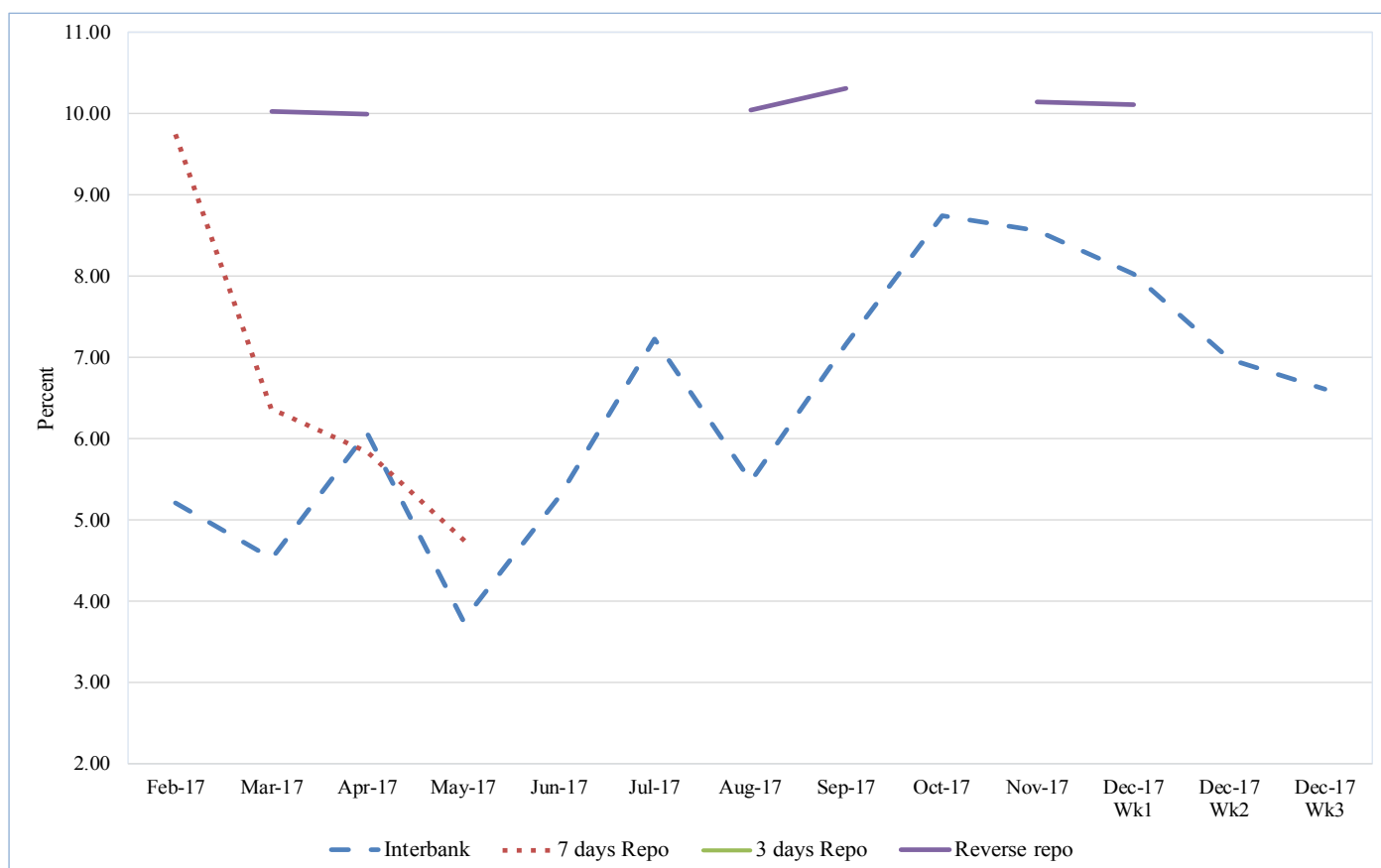
Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
7-Dec-17	39	18,055	7.75	
8-Dec-17	52	24,215	6.95	
11-Dec-17	39	18,925	6.58	
13-Dec-17	40	18,320	6.60	
Dec 07-Dec 13 , 2017	43	19,879	6.97	
14-Dec-17	44	23,650	6.24	
15-Dec-17	45	21,185	6.85	
18-Dec-17	47	20,025	6.98	
19-Dec-17	50	23,975	6.56	10.05
20-Dec-17	43	23,650	6.45	
Dec 14-Dec 20 , 2017	46	22,497	6.62	

Source: Central Bank of Kenya

Chart 2: Structure of Interest Rates



Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-Dec-17	102.96	137.85	121.40	90.81	35.21	21.75	8.15	17.12
11-Dec-17	103.08	138.32	121.20	91.05	35.15	21.74	8.14	17.10
13-Dec-17	103.11	137.89	121.55	90.96	35.11	21.73	8.32	17.02
14-Dec-17	103.17	137.68	121.19	91.21	35.08	21.70	8.13	17.09
8-14 December 2017	103.08	137.94	121.33	91.01	35.14	21.73	8.19	17.08
15-Dec-17	103.22	138.55	122.05	91.88	35.07	21.70	8.13	17.08
18-Dec-17	103.20	137.97	121.78	91.95	35.07	21.71	8.26	17.13
19-Dec-17	103.16	138.51	121.68	91.66	35.01	21.70	8.25	17.10
20-Dec-17	103.13	137.72	121.84	91.43	35.03	21.71	8.14	17.10
21-Dec-17	103.09	138.22	122.06	91.02	35.09	21.73	8.33	17.04
15-21 December 2017	103.16	138.20	121.88	91.59	35.06	21.71	8.22	17.09

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

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 Eurobond Yield (%)	10-Year Eurobond Yield (%)
08-Dec-17	175.27	4,373	3751	952	20.55	543.68	2,581.89	1,335.04	4.007	5.883
11-Dec-17	176.00	4,388	3732	1,125	13.29	367.93	2,592.57	900.14	3.92	5.876
12-Dec-17	Public Holiday								3.833	5.834
13-Dec-17	174.14	4,339	3711	1,399	57.10	1429.74	2,565.18	487.44	3.83	5.803
14-Dec-17	172.88	4,327	3706	1,398	35.06	958.03	2,546.55	1,070.36	3.8197	5.7571
08 - 14 Dec 2017	172.88	4,327	3706	4,874	126.00	3299.39	2,546.55	3,792.98	3.8197	5.7571
15-Dec-17	172.15	4,306.91	3,707.76	1,296.00	38.03	1,110.44	2,535.85	2,390.21	3.73	5.67
18-Dec-17	170.59	4,284.66	3,690.50	1,058.00	13.44	315.14	2,512.81	1,587.75	3.81	5.65
19-Dec-17	170.16	4,279.60	3,696.13	1,360.00	34.75	894.72	2,506.44	902.05	3.73	5.66
20-Dec-17	169.99	4,284.38	3,696.15	1,047.00	35.51	924.17	2,503.88	1,304.82	3.72	5.67
21-Dec-17	171.36	4,302.57	3,695.41	1,129.00	20.09	558.28	2,524.08	1,521.89	3.71	5.69
15-21 Dec 2017	171.36	4,302.57	3,695.41	5,890.00	141.81	3,802.75	2,524.08	7,706.73	3.71	5.69
Weekly Change (%)	(0.88)	(0.56)	(0.29)	20.85	12.55	15.26	(0.88)	103.18	(0.11)*	(0.07)*

* Percentage points

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

Table 5: Performance of Treasury Bills

91-Day Treasury Bills									
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	30-Nov-17	07-Dec-17	14-Dec-17	21-Dec-17	
Amount offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	
Bids received (KSh M)	964.01	2,773.01	4,023.90	1,672.96	8,509.05	5,020.34	1,468.50	907.63	
Amount Accepted (KSh M)	857.46	1,577.59	4,023.90	680.10	8,509.05	4,978.81	1,468.50	662.82	
Maturities (KSh M)	11,427.00	3,167.80	2,296.35	2,258.60	2,364.45	4,060.20	4,096.95	2,622.55	
Average interest Rate (%)- 91 Days	8.202	8.139	8.130	8.078	8.011	8.011	8.001	8.005	
182-Day Treasury Bills									
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	30-Nov-17	07-Dec-17	14-Dec-17	21-Dec-17	
Amount offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Bids received (KSh M)	4,751.78	14,540.81	5,262.62	4,587.85	2,926.48	6,420.79	7,784.30	8,908.24	
Amount Accepted (KSh M)	4,416.32	11,463.28	5,241.99	3,942.07	2,648.09	5,945.89	5,117.68	8,227.94	
Maturities (KSh M)	2,297.80	22,446.95	0.00	0.00	14,627.80	22,399.90	16,482.45	11,272.00	
Average interest Rate (%)- 182 days	10.321	10.316	10.317	10.314	10.478	10.522	10.529	10.583	
364-Day Treasury Bills									
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	30-Nov-17	07-Dec-17	14-Dec-17	21-Dec-17	
Amount offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Bids received (KSh M)	9,780.73	15,343.16	3,448.87	4,948.24	6,637.67	7,635.14	8,432.09	10,547.93	
Amount Accepted (KSh M)	9,366.10	13,019.38	3,448.87	3,747.03	6,187.90	7,180.88	7,968.18	9,600.54	
Maturities (KSh M)	6,827.91	9,843.80	8,085.20	5,223.25	4,847.90	5,570.85	1,768.95	2,163.05	
Average interest Rate (%)- 364 days	10.894	10.922	10.958	10.985	11.045	11.076	11.087	11.128	

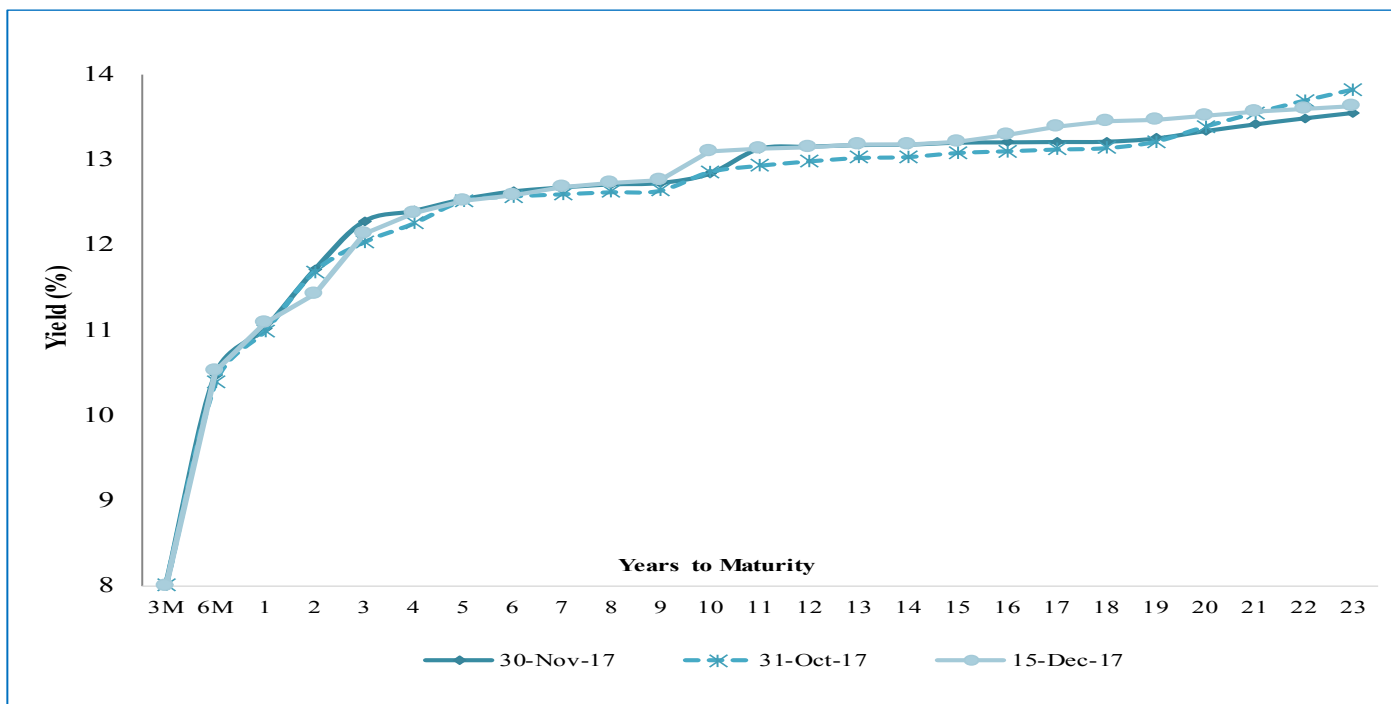
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bonds

Date of Auction	28-Sep-17		18-Oct-17	02-Nov-17	22-Nov-17	13-Dec-17	
Tenor	TAP FXD 1/2017/2	TAP FXD 1/2017/10	FXD 2/2017/5	FXD 2/2017/5	IFB1/2017/7	FXD1/2008/15	FXD1/2017/10
Amount offered (KSh M)	13,000.0		30,000.0	16,500.0	30,000.0	30,000.0	
Bids received (KSh M)	11,137.6	635.0	20,076.8	7,253.0	45,910.9	10,086.3	11,806.1
Amount Accepted (KSh M)	11,137.6	635.0	13,504.6	7,253.0	42,020.1	4,679.8	5,366.9
Maturities (KSh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	11.619	13.072	12.517	12.517	12.232	12.581	13.087

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

Table 7: Government Domestic Debt (KSh Billion)

	25-Aug-17	29-Sep-17	27-Oct-17	17-Nov-17	24-Nov-17	01-Dec-17	08-Dec-17	15-Dec-17
1. Treasury Bills (Excluding Repos)	727.40	724.80	734.84	719.21	709.79	704.02	700.44	687.54
(As % of total securities)	35.20	34.33	34.38	33.78	33.49	32.67	32.55	32.15
2. Treasury Bonds	1,339.04	1,386.56	1,402.49	1,409.71	1,409.71	1,451.16	1,451.16	1,451.16
(As % of total securities)	64.80	65.67	65.62	66.22	66.51	67.33	67.45	67.85
3. Total Securities (1+2)	2,066.44	2,111.36	2,137.33	2,128.92	2,119.51	2,155.19	2,151.60	2,138.70
4. Overdraft at Central Bank	13.39	24.72	17.70	23.24	33.88	40.66	28.00	36.82
5. Other Domestic debt*	36.71	36.47	40.50	32.82	32.83	32.81	32.82	32.59
6. Gross Domestic Debt (3+4+5)	2,116.54	2,172.55	2,195.53	2,184.98	2,186.21	2,228.66	2,212.42	2,208.11

* 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 (In Percent)

	30-Jun-17	25-Aug-17	29-Sep-17	27-Oct-17	24-Nov-17	01-Dec-17	08-Dec-17	15-Dec-17
Treasury bills (Excluding Repos)	35.2	34.4	33.4	33.5	32.5	31.6	31.7	31.1
Treasury bonds	63.1	63.3	63.8	63.9	64.5	65.1	65.6	65.7
CBK Overdraft to Govt	0.0	0.6	1.1	0.8	1.5	1.8	1.3	1.7
Other domestic debt	1.7	1.7	1.7	1.8	1.5	1.5	1.4	1.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	25-Aug-17	29-Sep-17	27-Oct-17	17-Nov-17	24-Nov-17	01-Dec-17	08-Dec-17	15-Dec-17
Banking Institutions	55.9	55.9	55.2	54.8	54.7	54.7	54.2	54.2
Insurance Companies	6.2	6.2	6.2	6.3	6.3	6.3	6.3	6.4
Parastatals	6.5	6.3	6.5	6.7	7.0	6.9	6.9	7.0
Pension funds	27.2	27.3	27.8	27.7	27.6	27.6	28.0	27.9
Other investors	4.3	4.3	4.4	4.4	4.4	4.5	4.5	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-15	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Jul-17	Aug-17	Sep-17
Domestic debt (KSh Bn)	1,420.44	1,815.13	1,854.55	1,930.98	1,944.95	2,111.71	2,123.79	2,135.93	2,176.59
Public & Publicly Guaranteed External debt (US \$ Bn)	14.3	17.8	18.2	18.5	20.4	22.1	22.2	22.4	22.4
Public & Publicly Guaranteed External debt (KSh Bn)	1,408.61	1,796.20	1,838.42	1,832.45	2,101.39	2,294.40	2,305.54	2,309.78	2,310.20
Total public debt (KSh Bn)	2,829.06	3,611.33	3,692.97	3,763.43	4,046.35	4,406.11	4,429.33	4,445.71	4,486.79

Source: Central Bank of Kenya & National Treasury

Table 11: Official Foreign Reserves US\$ Million (Usable)

	05-Oct-17	12-Oct-17	19-Oct-17	24-Oct-17	31-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-17	07-Dec-17	14-Dec-17	21-Dec-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,412	7,373	7,311	7,214	7,143	7,108	7,111	7,081	7,099	7,128	7,091	7,037
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.92	4.90	4.86	4.79	4.74	4.72	4.72	4.70	4.71	4.78	4.75	4.71

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya