Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

October 27, 2017

The weighted average interbank interest rate increased to 7.53 percent in the week ending October 24, 2017 from 6.80 percent in the previous week on account of tight liquidity conditions.

The capital markets recorded mixed performance in the shortest trading week occasioned by the Public Holiday on October 20, 2017 and two public holidays on the eve of the repeat Presidential Election.

Monetary Policy Operations

Tight liquidity conditions characterize the money markets during the week ending October 24, 2017. Net borrowing by government resulted in liquidity withdrawal of KSh 5.3 billion. Government payments of KSh 30.1 billion had a marginal contribution to liquidity as it was largely offset by VAT remittances of KSh 29. 0 billion. The liquidity conditions were, however, supported by the Central Bank's Reverse Repo purchases (**Table 1**).

The commercial banks' excess reserves above 5.25 percent averaging requirement improved to KSh 3.8 billion from a short fall of KSh 1.5 billion in the previous week (**Chart 1**).

The Interbank Market

Due to tight liquidity conditions in the money markets, the weighted average interbank rate increased to 7.53 percent in the week ending October 24, 2017 from 6.80 percent in the previous week. The volumes transacted also decreased to an average of KSh 24.3 billion from KSh 26.1 billion the previous week. The number of deals, at 39, were lower during the week compared to 43 deals transacted the previous week (**Table 2 and Chart 2).**

Kenya Shilling Exchange Rate

During the week ending October 24, 2017, the Kenya Shilling exchange rate weakened against the US Dollar, on the back of demand pressures associated with market jitters ahead of the repeat Presidential Elections of October 26, 2017. In the EAC region, the Kenya Shilling was relatively stable agaist the regional currencies (**Table 3**).

Equity Market

The equities market recorded improvements in all indices during the week ending October 24, 2017 except for the equities turnover which delined on the back of reduced share supplies **(Table 4)**.

Bond Market and Eurobond Yields

The volume of bonds traded declined by 20.03 percent in the week ending October 24, 2017, partly due to a short trading week. The yields on Kenya's 5-year and 10-year Eurobond rose by 0.048 percentage points and 0.004 percentage points, respectively, reflecting stability in the market **(Table 4)**.

LIST OF TABLES AND CHARTS

Chart 1: Commercial Banks Excess Reserves

Source: Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	19-Oct-17	23-Oct-17	24-Oct-17	Total
Liquidity Flows				
Total liquidity injection \[1]	**10.7**	**50.1**	**12.4**	**73.2**
Repos Maturities	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	18.0	6.0	24.0
Term Auction Deposit maturities	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	7.5	0.0	7.5
T/bills rediscounts	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	11.6	0.0	11.6
T/bonds Interest	0.0	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.0	0.0
Govt payments	10.7	13.0	6.4	30.1
Total liquidity reduction \[1]	**4.4**	**56.4**	**19.2**	**80.0**
T/bills (Primary issues)	0.0	10.9	0.0	10.9
Tbonds Sales	0.0	13.5	0.0	13.5
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	17.4	0.0	17.4
Term Auction Deposit	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.8	9.1	17.1	29.0
Net liquidity injection (+)/Withdrawal (-)	**6.4**	**-6.3**	**-6.8**	**-6.8**
Open Market Operations Outcome				
Posted Amount	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0
Reserve Money Position				
Reserve money (actual)	**416.2**	**409.5**	**396.8**	

\[1] *Only main transactions increasing or reducing liquidity are included.*

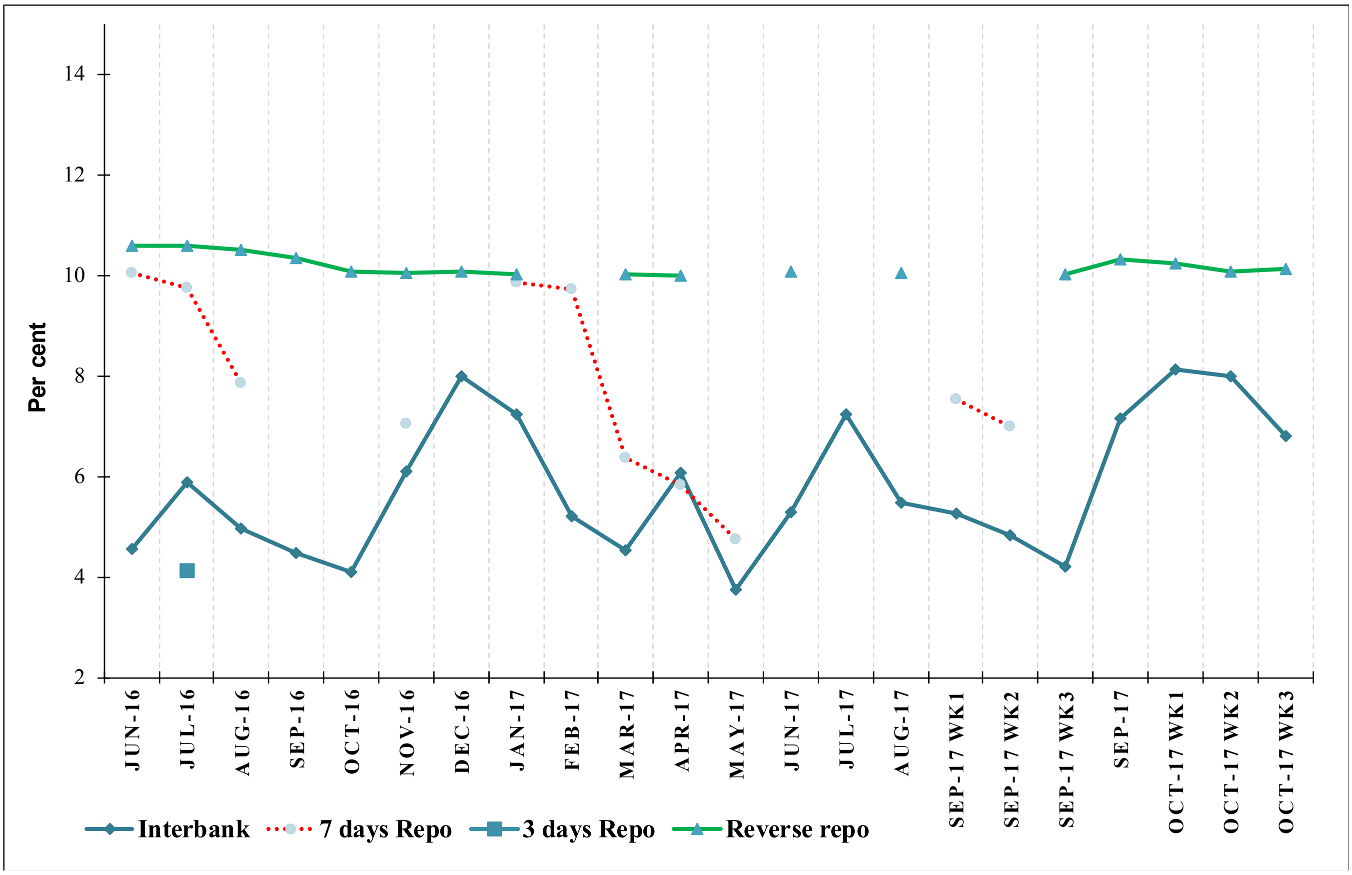
Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
12-Oct-17	53	34,685	7.25	10.05
13-Oct-17	49	24,400	6.25	10.08
16-Oct-17	37	22,175	6.55	10.07
17-Oct-17	36	21,710	6.89	-
18-Oct-17	38	27,755	7.05	10.30
Oct 12-Oct 18 , 2017	**43**	**26,145**	**6.80**	**10.12**
19-Oct-17	35	23,520	7.45	
23-Oct-17	42	17,020	8.52	10.13
24-Oct-17	36	21,710	6.89	10.24
Oct 19-Oct 24 , 2017	**39**	**24,336**	**7.53**	**10.19**

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*
13-Oct-17	103.28	135.84	122.35	91.98	35.15	21.74	8.08	16.96
16-Oct-17	103.28	137.56	122.56	92.37	35.25	21.74	8.08	16.96
17-Oct-17	103.30	137.21	121.89	92.48	35.34	21.73	8.08	16.96
18-Oct-17	103.36	136.17	121.40	91.96	35.44	21.72	8.07	16.96
19-Oct-17	103.42	136.19	121.72	91.65	35.39	21.71	8.07	16.95
13-19 October 2017	**103.33**	**136.59**	**121.98**	**92.09**	**35.31**	**21.73**	**8.08**	**16.96**
23-Oct-17	103.55	136.53	122.66	91.77	35.34	21.68	8.06	16.93
24-Oct-17	103.70	136.67	121.74	91.12	35.30	21.65	8.05	16.91
23-24 October 2017	**103.62**	**136.60**	**122.20**	**91.45**	**35.32**	**21.66**	**8.06**	**16.92**

** 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 (%)
13-Oct-17	159.25	4121.96	3626.62	931	25.47	846.83	2,333.21	813.90	4.165	6.407
16-Oct-17	158.52	4116.47	3623.76	844	7.24	201.36	2,322.52	1,564.72	4.238	6.392
17-Oct-17	157.44	4093.28	3597.85	1071	29.12	826.77	2,306.56	1,293.38	4.160	6.392
18-Oct-17	156.66	4080.25	3591.62	983	20.92	496.05	2,295.12	488.53	4.004	6.342
Oct 13-18, 2017	**156.66**	**4,080.25**	**3,591.62**	**3,829.00**	**82.76**	**2,371.01**	**2,295.12**	**4,160.53**	**4.004**	**6.342**
19-Oct-17	154.93	3,543.99	3,543.99	920.00	16.83	452.99	2,269.80	909.71	3.995	6.284
20-Oct-17	**Public Holiday**								3.993	6.280
23-Oct-17	156.07	4063.25	3541.56	871	34.66	1,178.72	2,386.43	288.37	3.913	6.284
24-Oct-17	158.11	4116.56	3602.56	965	21.45	593.30	2,316.51	2,128.99	3.910	6.329
25-Oct-17	**Presidential Elections**								3.984	6.329
26-Oct-17									4.052	6.346
Oct 19-26 Oct 2017	**158.11**	**4,116.56**	**3,602.56**	**2,756.00**	**56.12**	**2,225.01**	**2,316.51**	**3,327.06**	**4.052**	**6.346**
Weekly Change (%)	**0.93**	**0.89**	**0.30**	**- 28.02**	**- 32.19**	**- 6.16**	**0.93**	**- 20.03**	***0.048**	***0.004**

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

Table 5: Performance of Government Securities

TREASURY BILLS									
91-Day Treasury Bills									
Date of Auction	**27-Jul-17**	**31-Aug-17**	**7-Sep-17**	**14-Sep-17**	**21-Sep-17**	**28-Sep-17**	**5-Oct-17**	**12-Oct-17**	**19-Oct-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	4,000.00
Bids received (Ksh M)	964.01	2,773.01	4,042.20	4,121.97	2,580.50	4,023.90	4,873.66	2,534.29	1,672.96
Amount Accepted (Ksh M)	857.46	1,577.59	3,996.05	3,521.74	2,580.50	4,023.90	4,336.04	2,534.29	680.10
Maturities (Ksh M)	11,427.00	3,167.80	14,028.70	10,251.80	3,386.80	2,296.35	4,293.85	2,223.95	2,258.60
Average interest Rate (%)- 91 Days	8.202	8.139	8.130	8.134	8.129	8.130	8.129	8.097	8.078
182-Day Treasury Bills									
Date of Auction	**27-Jul-17**	**31-Aug-17**	**7-Sep-17**	**14-Sep-17**	**21-Sep-17**	**28-Sep-17**	**5-Oct-17**	**12-Oct-17**	**19-Oct-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	10,000.00
Bids received (Ksh M)	4,751.78	14,540.81	22,672.85	9,548.96	3,528.61	5,262.62	2,223.64	4,355.04	4,587.85
Amount Accepted (Ksh M)	4,416.32	11,463.28	20,797.68	8,299.01	2,497.99	5,241.99	2,141.98	4,345.77	3,942.07
Maturities (Ksh M)	2,297.80	22,446.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)- 182 days	10.321	10.316	10.313	10.314	10.317	10.317	10.319	10.316	10.314
364-Day Treasury Bills									
Date of Auction	**27-Jul-17**	**31-Aug-17**	**7-Sep-17**	**14-Sep-17**	**21-Sep-17**	**28-Sep-17**	**5-Oct-17**	**12-Oct-17**	**19-Oct-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	10,000.00
Bids received (Ksh M)	9,780.73	15,343.16	10,132.67	8,351.03	3,774.10	3,448.87	8,067.79	3,367.24	4,948.24
Amount Accepted (Ksh M)	9,366.10	13,019.38	9,626.96	6,124.85	3,773.92	3,448.87	6,717.29	2,917.07	3,747.03
Maturities (Ksh M)	6,827.91	9,843.80	12,870.40	12,676.35	8,046.45	8,085.20	8,365.30	6,310.95	5,223.25
Average interest Rate (%)- 364 days	10.894	10.922	10.920	10.930	10.959	10.958	10.975	10.989	10.985

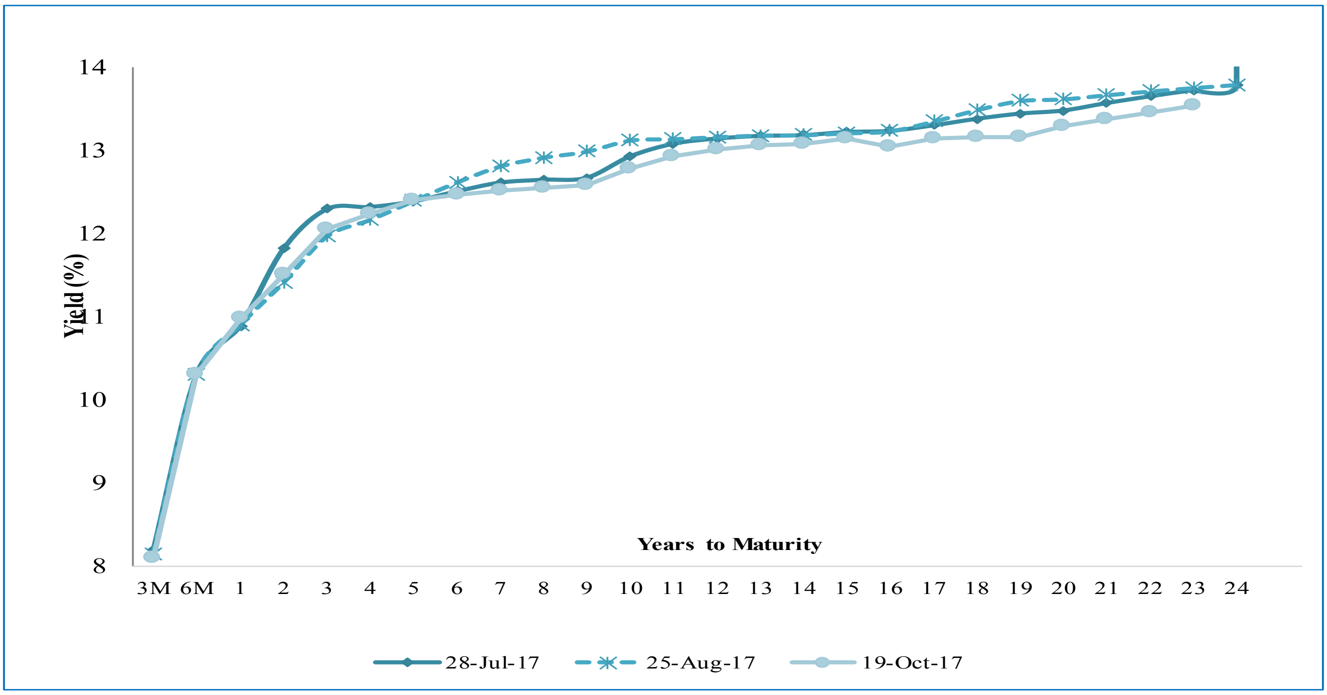
Source: Central Bank of Kenya

Table 6: Performance of Government Securities

TREASURY BONDS						
Date of Auction	21-Jun-17	27-Jul-17	31-Aug-17	28-Sep-17		18-Oct-17
Tenor	FXD2/2007/15	FXD 1/2007/10	FXD 1/2017/5	TAP SALE FXD 1/2017/2	TAP SALE FXD 1/2017/10	FXD 2/2017/5
Amount offered (Ksh	30,000.0	30,000.0	13,000.0	13,000.0		30,000.0
Bids received (Ksh M)	39,073.2	19,043.3	17,490.0	11,137.6	635.0	20,076.8
Amount Accepted (Ksh	26,409.9	5,190.8	17,530.8	11,137.6	635.0	13,504.6
Maturities (Ksh M)	18,746.8	0.0	0.0	0.0	0.0	0.0
Average interest Rate	12.520	12.966	12.465	11.619	13.072	12.517

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17	19-Oct-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	727.40	727.88	726.97	724.80	727.78	729.21	730.88
(As % of total securities)	**35.84**	**35.85**	**35.20**	**34.69**	**34.66**	**34.33**	**34.23**	**34.27**	**34.48**
2. Treasury Bonds	1,331.98	1,331.98	1,339.04	1,370.34	1,370.34	1,386.56	1,398.31	1,398.31	1,389.00
(As % of total securities)	**64.16**	**64.15**	**64.80**	**65.31**	**65.34**	**65.67**	**65.77**	**65.73**	**65.52**
3. Total Securities (1+2)	**2,076.13**	**2,076.43**	**2,066.44**	**2,098.23**	**2,097.31**	**2,111.36**	**2,126.09**	**2,127.52**	**2,119.88**
4. Overdraft at Central Bank	-	-	13.39	19.80	22.08	24.72	22.46	21.97	20.87
5. Other Domestic debt*	36.15	35.56	36.71	36.47	36.47	36.47	36.47	40.51	40.51
6. Gross Domestic Debt (3+4+5)	**2,112.28**	**2,112.00**	**2,116.54**	**2,154.50**	**2,155.86**	**2,172.55**	**2,185.02**	**2,189.99**	**2,181.26**

** 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	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	6-Oct-17	13-Oct-17	19-Oct-17
Treasury bills (Excluding Repos)	35.2	35.2	34.4	33.8	33.7	33.4	33.3	33.3	33.5
Treasury bonds	63.1	63.1	63.3	63.6	63.6	63.8	64.0	63.9	63.7
CBK Overdraft to Govt	0.0	0.0	0.6	0.9	1.0	1.1	1.0	1.0	1.0
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.9
TOTAL	**100.0**	**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)

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	6-Oct-17	13-Oct-17	19-Oct-17
Banking Institutions	56.2	56.1	55.9	55.8	55.8	55.9	55.7	55.8	55.6
Insurance Companies	6.6	6.6	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Parastatals	6.4	6.6	6.5	6.3	6.3	6.3	6.3	6.3	6.5
Pension funds	28.1	28.0	27.2	27.5	27.4	27.3	27.5	27.4	27.4
Other investors	**2.7**	**2.7**	**4.3**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**	**4.4**
Total	**100.0**	**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	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Domestic debt (Kshs Bn)	1,420.44	1,815.13	1,854.55	1,930.98	1,894.09	1,901.82	1,944.95	1,979.87	2,045.47	2,112.28
Domestic debt (% GDP)	22.7	27.1	24.0	25.0	24.5	24.6	25.2	25.7	26.5	27.4
Public & Publicly Guaranteed External debt (US $ Bn)	14.3	17.8	18.2	18.5	19.2	19.3	20.4	21.0	21.2	22.1
Public & Publicly Guaranteed External debt (% GDP)	22.5	26.8	24.1	24.5	25.4	25.6	27.0	27.9	28.0	29.7
Total public debt (% GDP)	45.2	53.8	48.1	49.6	50.0	50.2	52.2	53.5	54.6	57.1

Source: Central Bank of Kenya & National Treasury

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

	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-17	19-Oct-17	24-Oct-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,482	7,545	7,511	7,482	7,412	7,373	7,311	7,214
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.97	5.01	4.98	4.97	4.92	4.90	4.86	4.79

**Excludes Encumbered Reserves*

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

Source: Central Bank of Kenya